

**MORRIS COUNTY
VOCATIONAL SCHOOL DISTRICT**

**Morris County Vocational School District
(a component unit of the County of Morris)
Denville, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014**

Comprehensive Annual Financial Report

of the

**Morris County Vocational School District
Board of Education**

(a component unit of the County of Morris)

Denville, New Jersey

For the Fiscal Year Ended June 30, 2014

Prepared by

**Morris County Vocational School District
Business Office**

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
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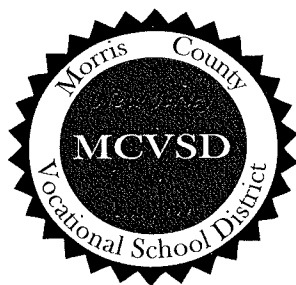
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INTRODUCTORY SECTION



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT

400 East Main Street Denville, NJ 07834-2592
973-627-4600

October 20, 2014

Honorable President and
Members of the Board of Education
Morris County Vocational School District
400 East Main Street
Denville, NJ 07834

Dear Board Members:

The comprehensive annual financial report of the Morris County Vocational School District for the fiscal year ended June 30, 2014 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on internal control and compliance with applicable laws and regulations, findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** Morris County Vocational School District is an independent reporting entity within the criteria adopted by the GASB as established by Governmental Accounting Standards Board Statement No.14 and subsequent statements. The Morris County Vocational School District Board of Education and its school constitute the District's reporting entity.

The District offers programs for high school students, including eleven Full Time Career Academies, and fourteen share-time (half day) programs, which include programs for students who have greater individualized needs and require a smaller class size. Nine of the eleven Academy programs are offered at the Morris County Vocational School District campus. Two satellite Academies are offered; one each at Butler High School in Butler, NJ and Morris Hills High School in Rockaway, NJ. Students from both public and non-public schools attend our programs.

The Honorable President and
Members of the Board of Education
Morris County Vocational School District
October 20, 2014

Thirty-eight (38) high schools from seventy-eight (8) communities and seven counties send students shared-time (half time) and full-time to the County Vocational School. Three (3) full time post secondary programs are offered during the day, twilight and evenings. In addition to the secondary programs and full time post secondary courses, the District offers over 100 part time Adult Evening classes where enrollment averages around 1,400 students per semester.

The District completed the 2013-14 school year with a full time equivalent enrollment of 971.70 students. The District's secondary enrollment increased at a rate of 2.7% during the year.

2. **MAJOR INITIATIVES:**

The major initiatives undertaken in the School District included but were not limited to:

- a. Development of a new full time Academy for Sports Medicine for the 2014-2015 year.
- b. Addition of a new full-time teaching position in Science Infusion to better support the needs of our share time programs.
- c. Completed a majority of the \$1.0 million of capital projects funded by the County of Morris including but not limited to a boiler replacement and resurfacing of shop floors. Two other significant projects, the automated temperature controls and door access system projects were either in the design or bid phases.

3. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District is also responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state financial award programs, as well as to determine that the District has complied with applicable laws and regulations.

4. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimate. Annual appropriated budgets are adopted for the general fund and the special revenue fund.

Capital Improvements are funded by the County of Morris, which pays the resulting debt service. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2014.

The Honorable President and
Members of the Board of Education
Morris County Vocational School District
October 20, 2014

5. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements," Note 1.
6. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
7. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, excess liability, automotive liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.
8. **OTHER INFORMATION: INDEPENDENT AUDIT** – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The Auditors' report on the basic financial statements and individual fund statements and schedules is included in the financial section of this report. The Auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.
9. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Morris County Vocational School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the County and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our Business Office Staff.

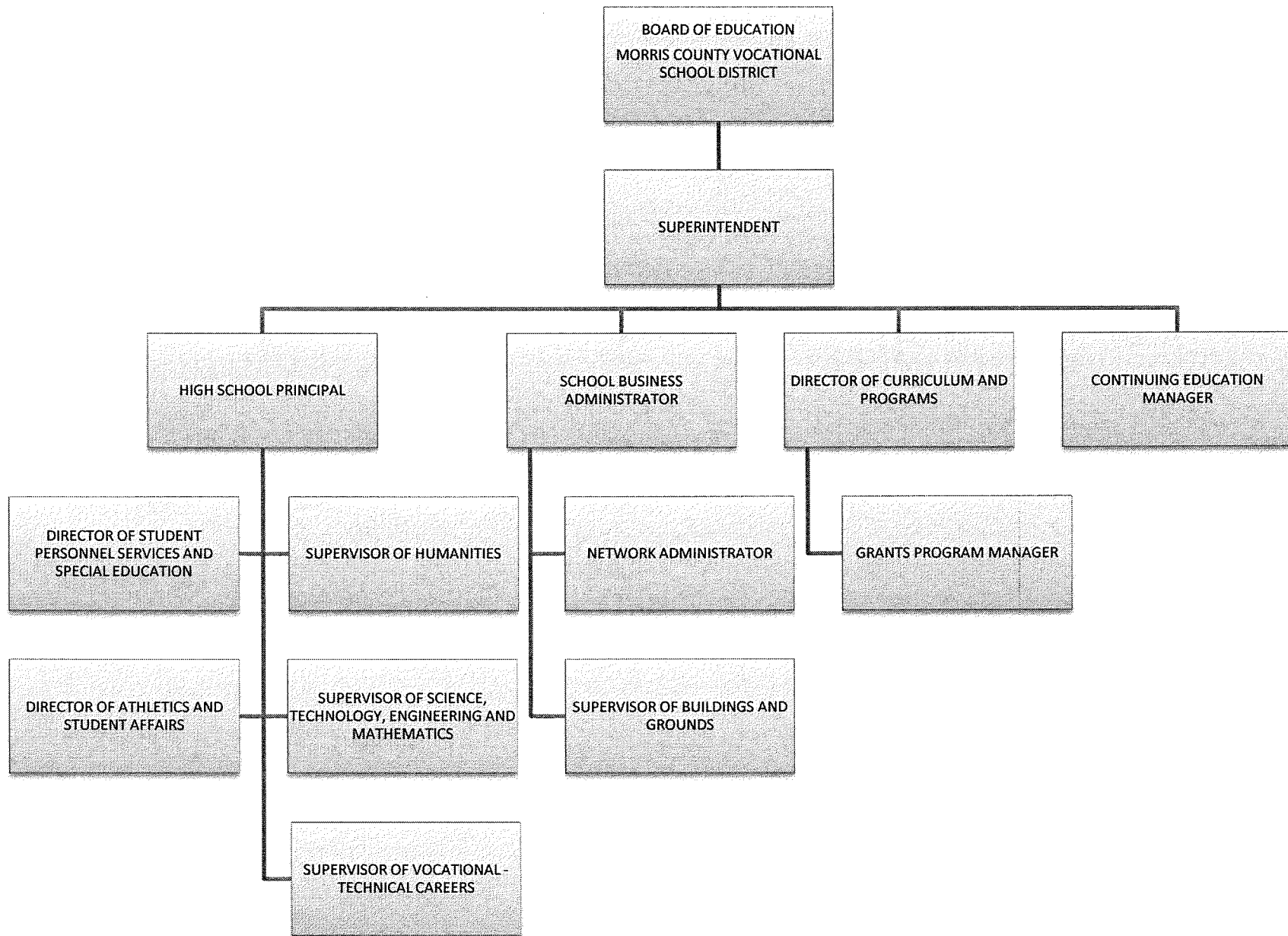
Respectfully submitted,



Scott Moffitt
Superintendent



Susan Young
Business Administrator/Board Secretary



Board Adopted: November 1, 2013

**MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2014**

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Barbara Dawson	President	2015
Honorable Reginald Stanton	Vice President	2014
Lawrence J. Colasurdo	Member	2016
John P. Hyland	Member	2017
Dr. Rosalie Lamonte	Member (Interim Executive County Superintendent)	N/A

Other Officers

Scott Moffitt	Superintendent of Schools
Susan Young	Board Secretary/Business Administrator
Patricia MacKenzie	Treasurer of School Monies
John M. Mills, III	Board Attorney

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856

Attorney

Mills & Mills
One Western Avenue
Morristown, NJ 07960

Official Depository

Provident Bank
41 Broadway
Denville, NJ 07834

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax
 Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Morris County Vocational School District
 County of Morris, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris County Vocational School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable President and Members
of the Board of Education
Morris County Vocational School District
Page 2

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris County Vocational School District, in the County of Morris, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members
of the Board of Education
Morris County Vocational School District
Page 3


The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

October 20, 2014
Mount Arlington, New Jersey


NISIVOCIA LLP



Francis L. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (Unaudited)

This section of Morris County Vocational School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial position improved on both a district-wide basis and a governmental fund basis.
- Overall revenue was \$22.02 million.
- Overall expenses were \$20.21 million.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending. *Proprietary funds* statements offer *short- and long-term* financial information about the activities the District operates like a business, such as food services. *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.
- *Notes to the Basic Financial Statements*: Provide additional information essential to a full understanding of the District-wide and fund financial statements.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of the School District's Financial Report

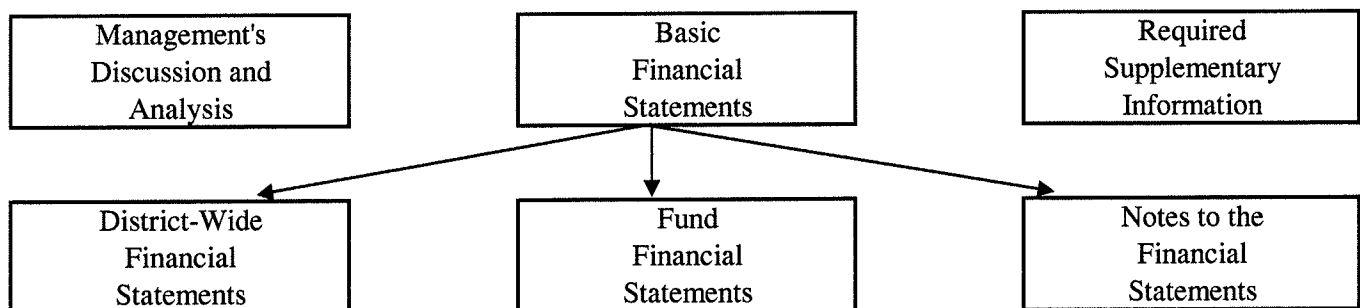


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2 Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses including: ETTC, Supermarket, Food Service, Food Function, Internet Consortium, Cosmetology and Adult Education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's enterprise funds are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements: Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by \$1,815,135. Net position from governmental activities increased by \$1,821,434 and net position from business-type activities decreased by \$6,299. Net investment in capital assets increased by \$827,826, restricted net position increased by \$1,036,336, and unrestricted net position decreased by \$49,027.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	
Current and							
Other Assets	\$ 4,196,613	\$ 5,288,637	\$ 157,251	\$ 167,211	\$ 4,353,864	\$ 5,455,848	25.31%
Capital Assets	18,354,414	19,164,318	40,621	31,799	18,395,035	19,196,117	4.35%
Total Assets	<u>22,551,027</u>	<u>24,452,955</u>	<u>197,872</u>	<u>199,010</u>	<u>22,748,899</u>	<u>24,651,965</u>	8.37%
Other Liabilities	333,249	458,378	28,868	39,568	362,117	497,946	37.51%
Long-Term							
Liabilities	593,953	549,318	18,836	15,573	612,789	564,891	-7.82%
Total Liabilities	<u>927,202</u>	<u>1,007,696</u>	<u>47,704</u>	<u>55,141</u>	<u>974,906</u>	<u>1,062,837</u>	9.02%
Net Position:							
Net Investment							
in Capital Assets	18,249,442	19,083,633	28,254	21,889	18,277,696	19,105,522	4.53%
Restricted	773,349	1,809,685			773,349	1,809,685	134.01%
Unrestricted	<u>2,601,034</u>	<u>2,551,941</u>	<u>121,914</u>	<u>121,980</u>	<u>2,722,948</u>	<u>2,673,921</u>	-1.80%
Total Net Position	<u>\$21,623,825</u>	<u>\$23,445,259</u>	<u>\$ 150,168</u>	<u>\$ 143,869</u>	<u>\$21,773,993</u>	<u>\$23,589,128</u>	8.34%

Changes in Net Position. The District's combined net position was \$23,589,128 on June 30, 2014, \$1,815,135 or 8.34% more than the year before (see Figure A-3). Net Investment in Capital Assets increased due to current year capital assets additions of \$1,410,361 and a net decrease of \$26,744 in capital leases payable; offset by current year depreciation expense of \$609,279. Restricted net position increased primarily due to a board approved deposit of \$650,000 into the Capital Reserve and an increase in excess surplus of \$385,568.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities 2012/13	Governmental Activities 2013/14	Business- Type Activities 2012/13	Business- Type Activities 2013/14	Total School District 2012/13	Total School District 2013/14	Percentage Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 8,924,844	\$ 9,314,509	\$ 762,613	\$ 726,521	\$ 9,687,457	\$ 10,041,030	3.65%
Operating Grants and Contributions	3,842,274	3,560,437	27,173	21,401	3,869,447	3,581,838	-7.43%
General Revenue:							
County Tax Levy	6,351,286	6,351,286			6,351,286	6,351,286	0.00%
State and Federal Aid not Restricted	695,443	706,862			695,443	706,862	1.64%
County Improvement Authorizations	972,351	1,292,220			972,351	1,292,220	32.90%
Other	64,190	8,600	23,291	40,859	87,481	49,459	-43.46%
Total Revenue	20,850,388	21,233,914	813,077	788,781	21,663,465	22,022,695	1.66%
Expenses:							
Instruction	10,069,482	9,860,456			10,069,482	9,860,456	-2.08%
Pupil and Instruction Services	2,800,250	2,749,365			2,800,250	2,749,365	-1.82%
Administrative and Business	2,824,410	2,760,696			2,824,410	2,760,696	-2.26%
Maintenance and Operations	2,028,223	2,023,212			2,028,223	2,023,212	-0.25%
Pupil Transportation	126,746	152,221			126,746	152,221	20.10%
Special Schools	1,169,112	1,334,528			1,169,112	1,334,528	14.15%
Capital Outlay	64,549	62,039			64,549	62,039	-3.89%
Other	469,687	469,963	811,257	795,080	1,280,944	1,265,043	-1.24%
Total Expenses	19,552,459	19,412,480	811,257	795,080	20,363,716	20,207,560	-0.77%
Increase/(Decrease) in Net Position	\$ 1,297,929	\$ 1,821,434	\$ 1,820	\$ (6,299)	\$ 1,299,749	\$ 1,815,135	39.65%

Revenue Sources. The District's total revenue for the 2013/14 school year was \$22,022,695. (See Figure A-4). The County tax levy of \$6,351,286 accounted for a substantial portion of the District's revenue, or 28.84 percent, along with 45.59% from charges for services. (See Figure A-5). Another 19.47 percent came from operating grants and contributions for specific programs and state and federal aid not restricted with the remainder from miscellaneous sources and County improvement authorizations.

Figure A-5

Sources of Revenue for Fiscal Year 2014

	Amount	Percentage
Sources of Income:		
State and Federal Aid Not Restricted	\$ 706,862	3.21%
County Tax Levy	6,351,286	28.84%
Operating Grants and Contributions	3,581,838	16.26%
Charges for Services	10,041,030	45.59%
County Improvement Authorizations	1,292,220	5.87%
Other	49,459	0.23%
	<u>\$ 22,022,695</u>	<u>100.00%</u>

The total cost of all programs and services was \$20,207,560. The District's expenses are predominantly related to instructing, caring for students (pupil services) and special schools (69.01 percent). (See Figure A-6). The District's administrative and business activities accounted for 13.66 percent of total costs.

Figure A-6**Expenses for Fiscal Year 2014**

Expense Category:	Amount	Percentage
Instruction	\$ 9,860,456	48.80%
Pupil and Instruction Services	2,749,365	13.61%
Administrative and Business	2,760,696	13.66%
Maintenance and Operations	2,023,212	10.01%
Pupil Transportation	152,221	0.75%
Special Schools	1,334,528	6.60%
Capital Outlay	62,039	0.31%
Other	1,265,043	6.26%
	<u>\$ 20,207,560</u>	<u>100.00%</u>

Governmental Activities

The net position of the governmental activities increased due to several factors. The most significant factor was \$1,292,220 of capital project funding from the County of Morris for several projects such as replacement of rooftop HVAC units, campus access control system, physical education challenge course, removal of oil separator tanks, shop floor refinishing and technology purchases. Most of the remaining revenues were fairly level with the exception of tuition revenue which exceeded budget by \$307,608. On the expense side, health benefits expenditures came in approximately \$200,000 under budget due to the achievement of a January 1st renewal at 0%. Utility costs also contributed to a positive net position by another \$200,000 due to a steady decline year over year due to installation of new boilers, HVAC units and equipment which are more efficient coupled with utilization of a consortium for bidding of competitive rates. Miscellaneous other expense accounts contributed to the overall funds as well albeit on a smaller scale. In general, the District was able to replenish its capital reserve account by \$650,000 due to these savings increasing its restricted net position while also generating excess surplus funds.

Figure A-7 presents the cost of eight major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, pupil transportation, special schools, capital outlay and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-7**Net Cost of Governmental Activities**

	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	2012/13	2013/14	2012/13	2013/14
Instruction	\$ 10,069,482	\$ 9,860,456	\$ 3,140,050	\$ 3,014,485
Pupil and Instruction Services	2,800,250	2,749,365	419,068	406,506
Administrative and Business	2,824,410	2,760,696	1,185,905	1,147,894
Maintenance and Operations	2,028,223	2,023,212	1,014,079	949,162
Pupil Transportation	126,746	152,221	63,371	71,412
Special Schools	1,169,112	1,334,528	428,632	416,073
Capital Outlay	64,549	62,039	64,549	62,039
Other	469,687	469,963	469,687	469,963
	<u>\$ 19,552,459</u>	<u>\$ 19,412,480</u>	<u>\$ 6,785,341</u>	<u>\$ 6,537,534</u>

- The cost of all governmental activities this year was \$19.41 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$3.56 million).
- A portion of governmental activities was financed with \$0.70 million in state aid based on the SFRA formula.
- Approximately 31% of the District's costs (\$6.35 million) were financed with the County tax levy.
- The County of Morris authorized funding of \$1.29 million for capital improvements at the District.
- The remainder of the funding came from charges for services (including tuition) and miscellaneous revenue (\$9.32 million).

Business-Type Activities

Net position from the District's business-type activities decreased overall by \$6,299. (Refer to Figure A-4). The most significant factor contributing to these results was:

- A total \$6,509 write off of prior year accounts receivable deemed to be uncollectible.

Financial Analysis of the District's Funds

The District's overall net position improved year over year by \$1.8 million due to capital from the County of Morris for various improvements/renovations to the District. Additionally, the previously mentioned tuition revenue surplus coupled with lower health benefit and utility costs contributed to that financial improvement. Most of these factors cannot be anticipated to recur in 2014-2015 and are unusual occurrences. The County capital project funding has been fairly reliable however to maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are primarily related to changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Asset and Debt Administration

Figure A-8

	Capital Assets (Net of Depreciation)						Total Percentage Change
	Government Activities		Business-Type Activities		Total School District		
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	
Sites and Site Improvements	\$ 316,342	\$ 315,527			\$ 316,342	\$ 315,527	-0.26%
Construction in Progress	136,288	1,093,559			136,288	1,093,559	702.39%
Buildings and Building Improvements	17,218,009	17,072,887			17,218,009	17,072,887	-0.84%
Furniture, Machinery and Equipment	683,775	682,345	\$ 40,621	\$ 31,799	724,396	714,144	-1.42%
Total	\$ 18,354,414	\$ 19,164,318	\$ 40,621	\$ 31,799	\$ 18,395,035	\$ 19,196,117	4.35%

Long-term Debt

At year-end, the District had \$564,891 of other liabilities – a decrease of \$47,898 from last year – as shown in Figure A-9. This decrease was a result of a net decrease in compensated absences of \$21,154 and a net decrease in capital leases payable of \$26,744. The County of Morris is responsible for the issuance and repayment of long-term debt in the form of bonds and notes.

Figure A-9

Outstanding Long-Term Debt

	Total School District		Total
	2012/13	2013/14	Percentage Change
Other Long-Term Liabilities	\$ 612,789	\$ 564,891	-7.82%

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Secondary enrollment figures nearing the capacity of the physical plant. However, plans are being pursued to increase programs and enrollment at alternate secondary public institutions.
- Uncertain county funding of necessary capital needs and level funding for since the 2007-2008 fiscal year.
- Rising cost of health benefits and the district personnel achieving Tier IV of Chapter 78 health benefit contributions over the subsequent two years.
- The district is currently close to the maximum allowable state certified tuition rate.
- Implementation of PARCC and Common Core Curriculum Standards creates additional financial demands on the district.
- The replenishment of the capital reserve fund and achievement of maximum 6% surplus will help to cushion some of the previous circumstances.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 400 East Main Street, Denville, New Jersey 07834.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 997,875	\$ 159,193	\$ 1,157,068
Interfund Receivable	10,844		10,844
Receivables from State Government	44,716	145	44,861
Receivables from Federal Government	414,776	3,344	418,120
Receivables from Other Governments	2,625,165		2,625,165
Other Receivables	22,182	3,120	25,302
Inventories		1,409	1,409
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	1,173,079		1,173,079
Capital Assets, Net:			
Sites (Land) and Construction in Progress	1,402,159		1,402,159
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	17,762,159	31,799	17,793,958
Total Assets	24,452,955	199,010	24,651,965
LIABILITIES			
Accounts Payable	436,945	39,568	476,513
Payable to State Government	1,417		1,417
Payable to Federal Government	8,129		8,129
Unearned Revenue	11,887		11,887
Non-Current Liabilities:			
Due Within One Year	32,202	2,509	34,711
Due Beyond One Year	517,116	13,064	530,180
Total Liabilities	1,007,696	55,141	1,062,837
NET POSITION			
Net Investment in Capital Assets	19,083,633	21,889	19,105,522
Restricted for:			
Capital Projects	1,173,079		1,173,079
Other Purposes	636,606		636,606
Unrestricted	2,551,941	121,980	2,673,921
Total Net Position	\$ 23,445,259	\$ 143,869	\$ 23,589,128

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 5,285,328	\$ 2,805,789	\$ 448,597	\$ (2,030,942)		\$ (2,030,942)
Special	534,548	283,772	580,773	329,997		329,997
Vocational Education	3,752,582	1,992,110	582,042	(1,178,430)		(1,178,430)
Other Instruction	287,998	152,888		(135,110)		(135,110)
Support Services:						
Student and Instruction Related Services	2,749,365	1,459,538	883,321	(406,506)		(406,506)
General Administrative Services	536,254	284,678	35,255	(216,321)		(216,321)
School Administrative Services	1,226,292	650,994	82,780	(492,518)		(492,518)
Central Services	570,132	302,662	29,214	(238,256)		(238,256)
Administrative Information Technology	428,018	227,219		(200,799)		(200,799)
Plant Operations and Maintenance	2,023,212	1,074,050		(949,162)		(949,162)
Pupil Transportation	152,221	80,809		(71,412)		(71,412)
Special Schools	1,334,528		918,455	(416,073)		(416,073)
Capital Outlay	62,039			(62,039)		(62,039)
Unallocated Depreciation	469,963			(469,963)		(469,963)
Total Governmental Activities	19,412,480	9,314,509	3,560,437	(6,537,534)		(6,537,534)
Business-Type Activities:						
Supermarket Account	12,471	11,266			\$ (1,205)	(1,205)
Internet Consortium	37,893	30,244			(7,649)	(7,649)
Adult Education	582,182	581,402			(780)	(780)
Cosmetology	1,283	2,156			873	873
Food Service	155,734	101,453	21,401		(32,880)	(32,880)
Food Function	5,517				(5,517)	(5,517)
Total Business-Type Activities	795,080	726,521	21,401		(47,158)	(47,158)
Total Primary Government	\$ 20,207,560	\$ 726,521	\$ 3,581,838	(6,537,534)	(47,158)	(6,584,692)

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues, Transfers and Other Items:			
Taxes:			
County Tax Levy	\$ 6,351,286		\$ 6,351,286
Federal and State Aid not Restricted	706,862		706,862
Interest Earnings	4,687		4,687
Miscellaneous Income	47,972		47,972
County Improvement Authorization	1,292,220		1,292,220
Transfers	(44,059)	\$ 44,142	83
Cancellation of Prior Year's Accounts Payable		3,226	3,226
Cancellation of Prior Year's Intergovernmental Accounts Receivable		(6,509)	(6,509)
Total General Revenues, Transfers and Other Items	8,358,968	40,859	8,399,827
Change in Net Position	1,821,434	(6,299)	1,815,135
Net Position - Beginning	21,623,825	150,168	21,773,993
Net Position - Ending	\$ 23,445,259	\$ 143,869	\$ 23,589,128

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

Exhibit B-1

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 842,556		\$ 155,319	\$ 997,875
Interfund Receivables:				
Special Revenue Fund	277,425			277,425
Fiduciary Fund - Flex Spending Trust Fund	10,844			10,844
Receivables From State Government	25,630	\$ 19,086		44,716
Receivables From Federal Government		414,776		414,776
Receivables From Other Governments	909,472		1,715,693	2,625,165
Other Accounts Receivables	22,182			22,182
Restricted Cash and Cash Equivalents	1,173,079			1,173,079
Total Assets	\$ 3,261,188	\$ 433,862	\$ 1,871,012	\$ 5,566,062
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable:				
General Fund		\$ 277,425		\$ 277,425
Accounts Payable	\$ 293,523	143,422		436,945
Payable to State Government		1,417		1,417
Payable to Federal Government		8,129		8,129
Unearned Revenue	8,418	3,469		11,887
Total Liabilities	301,941	433,862		735,803
Fund Balances:				
Restricted:				
Capital Reserve Account	1,173,079			1,173,079
Excess Surplus for 2015-2016	385,568			385,568
Excess Surplus for 2014-2015	251,038			251,038
Committed:				
Capital Projects Fund			\$ 1,871,012	1,871,012
Assigned:				
Other Purposes	300,573			300,573
Unassigned	848,989			848,989
Total Fund Balances	2,959,247		1,871,012	4,830,259
Total Liabilities and Fund Balances	\$ 3,261,188	\$ 433,862	\$ 1,871,012	

Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:

Capital Assets Used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$28,561,665 and the Accumulated Depreciation is \$9,397,347.	19,164,318
Long-Term Liabilities, Including Compensated Absences, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(549,318)
Net Position of Governmental Activities	\$ 23,445,259

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL
STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-2

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
County Tax Levy	\$ 6,351,286			\$ 6,351,286
Tuition from LEA's	8,856,352			8,856,352
Tuition from Individuals	458,157			458,157
Interest Earned on Capital Reserve Funds	768			768
Unrestricted Miscellaneous Revenue	51,891	\$ 1,531		53,422
Total - Local Sources	15,718,454	1,531		15,719,985
State Sources	2,504,191	52,786		2,556,977
Federal Sources		1,708,791		1,708,791
Total Revenues	18,222,645	1,763,108		19,985,753
EXPENDITURES:				
Current:				
Instruction:				
Regular Instruction	4,432,098	24,131		4,456,229
Special Education Instruction	376,328	13,411		389,739
Vocational Education Instruction	2,729,717	165,151		2,894,868
School-Sponsored/Other Instruction	266,705			266,705
Support Services and Undistributed Costs:				
Student and Other Instruction Related Services	1,596,738	610,777		2,207,515
General Administration Services	452,648			452,648
School Administration Services	946,985			946,985
Central Services	459,317			459,317
Administrative Information Technology	286,859			286,859
Plant Operations and Maintenance	1,661,447			1,661,447
Student Transportation Services	155,760			155,760
Allocated Benefits	5,251			5,251
Unallocated Benefits	3,321,966			3,321,966
Capital Outlay	116,152	85,673	\$ 1,267,465	1,469,290
Special Schools	428,475	863,965		1,292,440
Total Expenditures	17,236,446	1,763,108	1,267,465	20,267,019
Excess/(Deficit_ of Revenue Over/(Under) Expenditures	986,199		(1,267,465)	(281,266)
Other Financing Sources/(Uses):				
County Improvement Authorization			1,292,220	1,292,220
Transfer to Food Service Fund	(44,142)			(44,142)
Transfer from Flex Spending Trust Fund	83			83
Total Other Financing Sources/(Uses)	(44,059)		1,292,220	1,248,161
Net Change in Fund Balances	942,140		24,755	966,895
Fund Balance - July 1	2,017,107		1,846,257	3,863,364
Fund Balance - June 30	\$ 2,959,247	\$ -0-	\$ 1,871,012	\$ 4,830,259

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-3

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$ 966,895
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation in the period.	
Depreciation Expense	\$ (600,457)
Capital Outlays	<u>1,410,361</u>
	809,904
Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	24,287
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	<u>20,348</u>
Change in Net Position of Governmental Activities (Exhibit A-2)	<u><u>\$ 1,821,434</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-4

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Non-Major Funds</u>	<u>Total Enterprise</u>
<u>ASSETS:</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 159,193	\$ 159,193
Intergovernmental Accounts Receivable:		
State	145	145
Federal	3,344	3,344
Other Accounts Receivable	3,120	3,120
Inventories	1,409	1,409
Total Current Assets	<u>167,211</u>	<u>167,211</u>
Non-Current Assets:		
Capital Assets	161,662	161,662
Less: Accumulated Depreciation	<u>(129,863)</u>	<u>(129,863)</u>
Total Non-Current Assets	<u>31,799</u>	<u>31,799</u>
Total Assets	<u>199,010</u>	<u>199,010</u>
<u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable	<u>39,568</u>	<u>39,568</u>
Total Current Liabilities	<u>39,568</u>	<u>39,568</u>
Non-Current Liabilities:		
Compensated Absences Payable	5,663	5,663
Capital Leases Payable:		
Due Within One Year	2,509	2,509
Due Beyond One Year	<u>7,401</u>	<u>7,401</u>
Total Non-Current Liabilities	<u>15,573</u>	<u>15,573</u>
Total Liabilities	<u>55,141</u>	<u>55,141</u>
<u>NET POSITION:</u>		
Net Investment in Capital Assets	21,889	21,889
Unrestricted	<u>121,980</u>	<u>121,980</u>
Total Net Position	<u>\$ 143,869</u>	<u>\$ 143,869</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

1 of 2

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Non-Major Funds</u>	<u>Total Enterprise</u>
Operating Revenue:		
Daily Sales	\$ 96,122	\$ 96,122
Charges for Services:		
Program Fees	625,068	625,068
Miscellaneous Revenue	5,331	5,331
Total Operating Revenue	726,521	726,521
Operating Expenses:		
Cost of Sales	38,656	38,656
Salaries	413,642	413,642
Employee Benefits	59,885	59,885
Purchased Professional and Technical Services	84,413	84,413
Other Purchased Services	86,557	86,557
Travel	313	313
Supplies and Materials	102,445	102,445
Miscellaneous Expense	347	347
Depreciation Expense	8,822	8,822
Total Operating Expenses	795,080	795,080
Operating Loss	(68,559)	(68,559)
Non-Operating Income:		
State Sources:		
State School Lunch Program	728	728
Federal Sources:		
National School Lunch Program	17,704	17,704
Food Distribution Program	2,969	2,969
Total Non-Operating Income	21,401	21,401
Change in Net Position Before Other Items and Transfers	(47,158)	(47,158)

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Non-Major Funds</u>	<u>Total Enterprise</u>
Other Items and Transfers:		
Operating Transfer In - General Fund	\$ 44,142	\$ 44,142
Cancellation of Prior Year's Accounts Payable	3,226	3,226
Cancellation of Prior Year's Accounts Receivable	<u>(6,509)</u>	<u>(6,509)</u>
Total Other Items and Transfers	<u>40,859</u>	<u>40,859</u>
Change in Net Position	(6,299)	(6,299)
Net Position - Beginning of Year	<u>150,168</u>	<u>150,168</u>
Net Position - End of Year	<u>\$ 143,869</u>	<u>\$ 143,869</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN
INTEGRAL PART OF THIS STATEMENT

Exhibit B-6

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds	
	Non-Major Funds	Total Enterprise
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 728,458	\$ 728,458
Payments to Food Service Contractor	(128,616)	(128,616)
Payments to/for Employees	(393,710)	(393,710)
Payments to Suppliers	(244,720)	(244,720)
Net Cash Used for Operating Activities	(38,588)	(38,588)
Cash Flows Used for Capital and Related Financing Activities:		
Lease Purchase Principal Payment	(2,457)	(2,457)
Net Cash Used for Capital and Related Financing Activities:	(2,457)	(2,457)
Cash Flows from Noncapital Financing Activities:		
Cash Received from Operating Transfers	44,142	44,142
State Sources	1,390	1,390
Federal Sources	14,944	14,944
Net Cash Provided by Noncapital Financing Activities	60,476	60,476
Net Increase in Cash and Cash Equivalents	19,431	19,431
Cash and Cash Equivalents, July 1	139,762	139,762
Cash and Cash Equivalents, June 30	\$ 159,193	\$ 159,193
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating Loss	\$ (68,559)	\$ (68,559)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:		
Depreciation	8,822	8,822
Food Distribution Program	2,969	2,969
Changes in Assets and Liabilities:		
Decrease in Other Accounts Receivable	1,937	1,937
Increase in Accounts Payable	14,215	14,215
(Decrease) in Unearned Revenue	(289)	(289)
(Decrease) in Compensated Absences Payable	(806)	(806)
Decrease in Inventory	3,123	3,123
Net Cash Used for Operating Activities	\$ (38,588)	\$ (38,588)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$2,680 and Utilized Commodities Valued at \$2,969. The Adult Education Enterprise Fund paid down \$2,457 of lease purchase payable.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL
STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-7

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2014

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 325,090	\$ 13,618	\$ 12,513	\$ 90,063
Interfund Receivable:				
Payroll Agency		2,987		
Total Assets	<u>325,090</u>	<u>16,605</u>	<u>12,513</u>	<u>90,063</u>
<u>LIABILITIES:</u>				
Interfund Payable:				
General Fund			10,844	
Unemployment Compensation Trust	2,987			
Payroll Deductions and Withholdings	11,786			
Accrued Salaries and Wages	217,933			
Due to Student Groups	92,384			
Total Liabilities	<u>325,090</u>		<u>10,844</u>	
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		16,605		
Flexible Spending Claims			1,669	
Restricted for Scholarships				90,063
Total Net Position	<u>\$ -0-</u>	<u>\$ 16,605</u>	<u>\$ 1,669</u>	<u>\$ 90,063</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 17,990	\$ 14,750	
Board Contributions	4,143		
Total Contributions	22,133	14,750	
Investment Earnings:			
Interest	8		\$ 136
Total Additions	22,141	14,750	136
DEDUCTIONS:			
Unemployment Benefit Claims	12,343		
Flexible Spending Claims		17,200	
Scholarships Awarded			1,500
Bank Service Charges			28
Total Deductions	12,343	17,200	1,528
Change in Net Position before Other Financing Uses	9,798	(2,450)	(1,392)
OTHER FINANCING USES:			
Transfer to General Fund		(83)	
Total Other Financing Uses		(83)	
Change in Net Position	9,798	(2,533)	(1,392)
Net Position - Beginning of the Year	6,807	4,202	91,455
Net Position - End of the Year	\$ 16,605	\$ 1,669	\$ 90,063

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Morris County Vocational School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of officials who are appointed by the Morris County Board of Chosen Freeholders and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Accordingly, the Morris County Vocational School District is a component unit of the County of Morris under the provisions of Governmental Accounting Standards Board's Codification Section 2100. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include a vocational school located in Denville and special academies located in the Morris Hills Regional and Borough of Butler school districts. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from bond ordinances that are specifically authorized by the Board of School Estimate, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: Because Vocational School capital projects are authorized by the County Board of Chosen Freeholders under a bond ordinance and the subsequent debt is funded directly from the County budget, the Debt Service Fund does not apply to the Morris County Vocational School District.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Enterprise Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's Enterprise Funds. The District operates several Enterprise Funds. The District's Enterprise Funds are comprised of the Supermarket Program, Internet Consortium, ETTC (Educational Technology Training Center), Adult Education, Cosmetology, Food Service and Food Function Funds. These Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students or to the public on a continuing basis are financed or recovered primarily through user charges.

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, the Payroll Agency Fund, the Private Purpose Scholarships Trust Fund, the Flexible Spending Trust Fund and the Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of County bond ordinances and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and are voted upon by the County Board of School Estimate, which consists of three Morris County freeholders and two Morris County Vocational School Board members.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

Bond Ordinance proceeds in the Capital Projects Fund are recognized on the budgetary basis in the year that the respective ordinance is authorized; while on a GAAP basis revenue is recognized based on actual expenditures.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 18,217,029	\$ 1,763,654
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Current Year Encumbrances		(8,036)
Cancellation of Prior Year Encumbrances		(2,009)
Prior Year Encumbrances		9,499
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	112,587	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(106,971)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 18,222,645</u>	<u>\$ 1,763,108</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 17,236,446	\$ 1,763,654
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(8,036)
Cancellation of Prior Year Encumbrances		(2,009)
Prior Year Encumbrances		9,499
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 17,236,446</u>	<u>\$ 1,763,108</u>

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions: (Cont'd)

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages

Beginning in fiscal year 2014, certain District employees, who provide services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned undisbursed amounts be retained in a separate bank account. As of June 30, 2014, the amount earned by these employees but not disbursed was \$217,933.

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide *Statement of Net Position*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Unearned Revenue

Unearned revenue in the special revenue fund and enterprise fund represent cash which has been received but not yet earned.

P. Fund Balance Appropriated

General Fund: Of the \$2,959,247 General Fund fund balance at June 30, 2014, \$300,573 is assigned for encumbrances; \$1,173,079 is restricted in the capital reserve account; \$636,606 is restricted for excess surplus in accordance with N.J.S.A.18A:17F-7 as amended by P.L. 2004, C.73 (S1701) (\$251,038 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2015; \$385,568 of current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2016); and \$848,989 is unassigned, which is \$106,971 less than the budgetary unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2015.

Capital Projects Fund: Of the \$1,871,012 Capital Projects Fund committed fund balance at June 30, 2014, \$1,488,850 is committed for year-end encumbrances.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2014 as detailed above.

Unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis in the amount of \$106,971 as of June 30, 2014 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record these state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last two state aid payments, and not the fund balance reported on the fund statement which excludes these state aid payments.

Q. Deficit Net Position

The Adult Education Enterprise Fund has a deficit in unrestricted net position of \$5,916 primarily due to cancellations of prior year accounts receivables. This District will resolve this deficit with contributions from either the General Fund or the other Enterprise Funds during the fiscal year ended June 30, 2015.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Net Position:

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the prior fiscal year. This statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

The District implemented GASB No. 65, *Items Previously Reported as Assets and Liabilities*, during the current fiscal year. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District did not have any deferred inflows or outflows of resources at June 30, 2014.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for a capital reserve and excess surplus.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2014.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2014.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end. Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: county taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales or program fees, as applicable, for the various Enterprise Funds. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the respective Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures* requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2014, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents Capital Reserve Account	Total
Checking and Savings Accounts	\$ 1,598,352	\$ 1,173,079	\$ 2,771,431

During the period ended June 30, 2014, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents at June 30, 2014 was \$2,771,431 and the bank balance was \$3,166,885.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution on October 16, 2000 in the amount of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, the district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amount or both.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

A district may also appropriate additional amounts with the express approval of the Board of School Estimate authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning Balance, July 1, 2013	\$ 522,311
Add:	
Interest Earnings	768
Transfer from Unassigned Fund Balance as per Board Resolution	650,000
Ending Balance, June 30, 2014	<u>\$ 1,173,079</u>

The June 30, 2014 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2014.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2014 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 308,600			\$ 308,600
Construction in Progress	136,288	\$ 1,267,465	\$ (310,194)	1,093,559
Total Capital Assets Not Being Depreciated	<u>444,888</u>	<u>1,267,465</u>	<u>(310,194)</u>	<u>1,402,159</u>
Capital Assets Being Depreciated:				
Site Improvements	1,110,900			1,110,900
Buildings and Building Improvements	23,443,588	13,832	310,194	23,767,614
Machinery and Equipment	2,168,828	129,064	(16,900)	2,280,992
Total Capital Assets Being Depreciated	<u>26,723,316</u>	<u>142,896</u>	<u>293,294</u>	<u>27,159,506</u>
Governmental Activities Capital Assets	<u>27,168,204</u>	<u>1,410,361</u>	<u>(16,900)</u>	<u>28,561,665</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,103,158)	(815)		(1,103,973)
Buildings and Building Improvements	(6,225,579)	(469,148)		(6,694,727)
Machinery and Equipment	(1,485,053)	(130,494)	16,900	(1,598,647)
	<u>(8,813,790)</u>	<u>(600,457)</u>	<u>16,900</u>	<u>(9,397,347)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 18,354,414</u>	<u>\$ 809,904</u>	<u>\$ -0-</u>	<u>\$ 19,164,318</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 161,662			\$ 161,662
Less Accumulated Depreciation	(121,041)	\$ (8,822)		(129,863)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 40,621</u>	<u>\$ (8,822)</u>	<u>\$ -0-</u>	<u>\$ 31,799</u>

The District had active construction projects totaling \$1,871,012 as of June 30, 2014. These projects include renovations of the District's schools and grounds.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 8,654
Regular Vocational Education	49,251
Special Vocational Education	5,164
Other Instruction	5,403
Student and Instruction Related Services	940
General Administration	1,006
School Administration	6,208
Central Services	3,189
Administrative Information Technology	31,251
Plant Operations and Maintenance	9,274
Pupil Transportation	4,463
Special Schools	5,691
Unallocated	469,963
	<u>\$ 600,457</u>

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2014, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2013</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2014</u>
Capital Leases	\$ 117,339		\$ 26,744	\$ 90,595
Compensated Absences Payable	495,450	\$ 23,176	44,330	474,296
	<u>\$ 612,789</u>	<u>\$ 23,176</u>	<u>\$ 71,074</u>	<u>\$ 564,891</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the County of Morris Board of Chosen Freeholders by adopting a bond ordinance. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the County of Morris Board of Chosen Freeholders are general obligation bonds of the County of Morris and therefore are not recorded as debt of the Morris County Vocational School District.

B. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$7,344 and is separated from the long-term liability balance of compensated absences of \$461,289. The General Fund will be used to liquidate these compensated absences. The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2014, \$5,663 is recorded for compensated absences in the Adult Education Enterprise Fund.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 6. LONG-TERM LIABILITIES (Cont'd)

C. Capital Leases Payable:

The District is leasing a 24-passenger school bus and several copiers under capital leases valued at \$117,339 of which \$26,744 has been amortized. The capital leases are for a term of five years. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2014.

<u>Year</u>	<u>Amount</u>
2015	\$ 29,214
2016	29,214
2017	19,602
2018	16,335
	<hr/> 94,365
Less: Amount Representing Interest	<hr/> (3,770)
Present Value of Minimum Lease Payments	<hr/> <hr/> \$ 90,595

The current portion of capital lease payable at June 30, 2014 in the governmental funds is \$24,858 and the long-term portion is \$55,827. The General Fund will be used to liquidate the capital lease payable in the governmental funds. The current portion of capital lease payable at June 30, 2014 in the business-type activities is \$2,509 and the long-term portion is \$7,401. The Adult Education Enterprise Fund will be used to liquidate the capital lease payable in the business-type activities.

NOTE 7. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other noncontribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems. However, if an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the Defined Contribution Retirement Program (DCRP).

Employees who are members of TPAF or PERS and retire at or after age according to the relevant tier category for the employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. For PERS and TPAF, the contribution rate was 6.64% effective July 1, 2012 and increased to 6.78% effective July 1, 2013. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Employers are required to contribute at an actuarially determined rate in the PERS and TPAF. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions of 5.5% of employees' annual compensation for DCRP are matched by a 3% employer contribution.

District Contributions to PERS amounted to \$272,359, \$249,636 and \$257,855 for the fiscal years ended June 30, 2014, 2013 and 2012, respectively. The employer contributions to DCRP for fiscal year 2014, 2013 and 2012 were \$4,630, \$2,171 and \$1,544, respectively.

During the fiscal years ended June 30, 2014, 2013 and 2012 the State of New Jersey contributed \$298,109, \$451,813 and \$226,373, respectively, to the TPAF for normal pension benefits on-behalf of the District.

NOTE 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees eligible for post-retirement medical benefits and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with, P.L. 1994 c.62.

Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one-half of 1% of the active State payroll each year.

The State is also responsible for the cost attributable to, P.L. 1992 c.126, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. In fiscal year 2013, the State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members.

The State's on-behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$488,787, \$810,887 and \$454,869 for 2014, 2013 and 2012, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains their health benefit coverage through Horizon Blue Cross/Blue Shield of NJ.

Property, Liability and Health Benefits

The Morris County Vocational School District is a member of the Morris County Insurance Fund (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage for its members. The Morris County Vocational School District is also a member of the Morris-Essex Insurance Group (the "Group"). This public entity risk management pool provides workers' compensation coverage for its members.

A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund and the Group are risk-sharing public entity risk management pools that are an insured and self-administered group of school boards or other governmental entities established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund/Group are elected.

As a member of the Fund/Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of either the Fund/Group were to be exhausted, members would become responsible for their respective shares of the respective Fund's liabilities. The Fund/Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2014 audit report for the Group is not available as of the date of this report. Selected, summarized financial information for the pools are detailed below:

	Morris County Insurance Fund Dec. 31, 2013	Morris-Essex Insurance Group June 30, 2013
Total Assets	\$ 10,324,376	\$ 8,251,089
Net Position	\$ 4,721,389	\$ 4,348,089
Total Revenue	\$ 3,314,779	\$ 3,035,421
Total Expenses	\$ 2,228,561	\$ 1,875,807
Change in Net Position	\$ 1,086,218	\$ 1,159,614
Members Dividends	\$ -0-	\$ 658,594

Financial statements for the pools are available at the various Executive Directors' Offices:

Morris County Insurance Fund

Administration & Records Building
Court Street, P.O. Box 900
Morristown, NJ 07963-0900

Morris-Essex Insurance Group

Burton Agency
44 Bergen Street
P.O. Box 270
Westwood, NJ 07675

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO BASIC THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013-2014	\$ 4,143	\$ 8	\$ 17,990	\$ 12,343	\$ 16,605
2012-2013	41,446	7	16,011	51,843	6,807
2011-2012	60,892	8	17,516	78,497	1,186

NOTE 10. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from county, federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 288,269	
Special Revenue Fund		\$ 277,425
Fiduciary Fund - Unemployment Compensation Trust	2,987	
Fiduciary Fund - Flexible Spending Trust		10,844
Fiduciary Fund - Payroll Agency		2,987
	<u>\$ 291,256</u>	<u>\$ 291,256</u>

The interfund between the General Fund and the Special Revenue Fund is due to a deficit in cash and cash equivalents in the Special Revenue Fund. The deficit is due to the timing between expenditure and reimbursement of federal grant funds from the State. The interfund between the General Fund and the Flexible Spending Trust Fund consists of funds the General Fund advanced the Flexible Spending Trust Fund to open a bank account in prior years; current year and prior year interest earned (net of bank service charges) in the Flexible Spending Trust due to the General Fund and fiscal years 2011 through 2013 unclaimed employee contributions due to the General Fund. The interfund receivable in the Unemployment Compensation Trust Fund is fiscal year 2014 employee unemployment withholdings not turned over from the Payroll Agency at year end. The General Fund transferred \$44,142 to the Food Service to partially fund an operating deficit in the Food Service Fund.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO BASIC THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 12. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable
Lincoln Financial Advisors Corp
MetLife Resources
Primerica Financial Services
VALIC Financial Advisors, Inc.

NOTE 13. TAX CALENDAR

Property taxes are levied by the County as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipalities and are remitted to the County who then disburses those funds to the School District on a predetermined mutually agreed-upon schedule.

NOTE 14. ACCOUNTS PAYABLE

Payables as of June 30, 2014 were:

	Governmental Activities			Business-Type
	General	Special	Total	Activities
	Fund	Revenue	Governmental	Enterprise
		Fund	Funds	Funds
Accrued Salaries	\$ 77,274		\$ 77,274	
Due to State of New Jersey		\$ 41,925	41,925	
Vendors	216,249	101,497	317,746	\$ 39,568
	<u>\$ 293,523</u>	<u>\$ 143,422</u>	<u>\$ 436,945</u>	<u>\$ 39,568</u>

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

The School District participates in federal and state assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO BASIC THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2014, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<hr/>	<hr/>	<hr/>	<hr/>
\$ 300,573	\$ 8,036	\$ 1,488,850	\$ 1,797,459
<hr/>	<hr/>	<hr/>	<hr/>

On the District's Governmental Funds Balance Sheet as of June 30, 2014, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$8,036 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue. The \$1,488,850 of year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$1,871,012 committed fund balance on a GAAP basis at June 30, 2014.

BUDGETARY COMPARISON SCHEDULES

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
County Tax Levy	\$ 6,351,286		\$ 6,351,286	\$ 6,351,286	
Tuition from LEA's	8,597,248		8,597,248	8,856,352	\$ 259,104
Tuition from Individuals	409,653		409,653	458,157	48,504
Interest Earned on Capital Reserve	1,500		1,500	768	(732)
Unrestricted Miscellaneous Revenues	31,625		31,625	51,891	20,266
Total - Local Sources	15,391,312		15,391,312	15,718,454	327,142
State Sources:					
Categorical Special Education Aid	490,726		490,726	490,726	
Equalization Aid	76,082		76,082	76,082	
Categorical Security Aid	64,206		64,206	64,206	
Adjustment Aid	561,578		561,578	561,578	
Other State Aids (Additional Adjustment Aid)	2,207		2,207	2,207	
TPAF On-Behalf Pension Contributions (Non-Budgeted)				298,109	298,109
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				488,787	488,787
TPAF Reimbursed Social Security (Non-Budgeted)				516,880	516,880
Total State Sources	1,194,799		1,194,799	2,498,575	1,303,776
Total Revenues	16,586,111		16,586,111	18,217,029	1,630,918

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Grade 9-12 - Instruction:					
Salaries of Teachers	\$ 2,390,623	\$ 18,498	\$ 2,409,121	\$ 2,408,521	\$ 600
Purchased Professional-Educational Services	1,919,993	(52,256)	1,867,737	1,866,147	1,590
Other Purchased Services	20,479	6,819	27,298	21,674	5,624
General Supplies	57,927	10,431	68,358	68,012	346
Textbooks	77,200	(19,183)	58,017	54,889	3,128
Other Objects	500	125	625	125	500
Total Grade 9-12 - Instruction	<u>4,466,722</u>	<u>(35,566)</u>	<u>4,431,156</u>	<u>4,419,368</u>	<u>11,788</u>
Regular Programs - Home Instruction:					
Salaries of Teachers	7,000	(7,000)			
Purchased Professional-Educational Services	3,000	10,334	13,334	12,730	604
Total Home Instruction	<u>10,000</u>	<u>3,334</u>	<u>13,334</u>	<u>12,730</u>	<u>604</u>
Total Regular Programs - Instruction	<u>4,476,722</u>	<u>(32,232)</u>	<u>4,444,490</u>	<u>4,432,098</u>	<u>12,392</u>
Special Education Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	372,525		372,525	372,525	
Other Purchased Services	3,600	(660)	2,940	2,798	142
General Supplies	1,200		1,200	1,005	195
Textbooks	500		500		500
Total Resource Room/Resource Center/Special Education Instruction	<u>377,825</u>	<u>(660)</u>	<u>377,165</u>	<u>376,328</u>	<u>837</u>
Regular Vocational Programs:					
Salaries of Teachers	1,933,945	517	1,934,462	1,925,137	9,325
Other Salaries for Instruction	27,475	2,023	29,498	29,498	
Purchased Professional-Educational Services	30,575	(3,088)	27,487	24,372	3,115

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Vocational Programs (Cont'd):					
Purchased Technical Services	\$ 4,400	\$ 697	\$ 5,097	\$ 5,095	\$ 2
Other Purchased Services	18,655	(2,711)	15,944	12,927	3,017
General Supplies	239,132	(9,776)	229,356	197,676	31,680
Textbooks	8,200	13,380	21,580	21,166	414
Other Objects	2,900	1,200	4,100	3,646	454
Total Regular Vocational Programs	2,265,282	2,242	2,267,524	2,219,517	48,007
Special Vocational Programs:					
Salaries of Teachers	470,034		470,034	466,114	3,920
Other Purchased Services	4,800	2,818	7,618	5,394	2,224
General Supplies	45,560	(4,611)	40,949	38,692	2,257
Special Vocational Programs	520,394	(1,793)	518,601	510,200	8,401
School-Sponsored Co-curricular Activities:					
Salaries	77,653		77,653	77,534	119
Purchased Services	11,500	(6,712)	4,788		4,788
Supplies and Materials	6,200	(1,698)	4,502	30	4,472
Other Objects	6,628	25,322	31,950	31,833	117
Total School-Sponsored Co-curricular Activities	101,981	16,912	118,893	109,397	9,496
School-Sponsored Athletics:					
Salaries	120,014	2,254	122,268	106,214	16,054
Purchased Services	34,060	(4,002)	30,058	29,858	200
Supplies and Materials	11,368	4,187	15,555	14,018	1,537
Other Objects	7,450	(185)	7,265	7,218	47
Total School-Sponsored Co curricular Activities	172,892	2,254	175,146	157,308	17,838

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Total Instruction	\$ 7,915,096	\$ (13,277)	\$ 7,901,819	\$ 7,804,848	\$ 96,971
Undist. Expend. - Attendance and Social Work Services:					
Salaries	53,006		53,006	53,006	
Supplies and Materials	1,000		1,000	681	319
Total Undist. Expend. - Attendance and Social Work Services	54,006		54,006	53,687	319
Undist. Expend. - Health Services:					
Salaries	88,164	(565)	87,599	87,582	17
Purchased Professional and Technical Services	14,685	(764)	13,921	9,351	4,570
Other Purchased Services	600		600	243	357
Supplies and Materials	4,190	1,501	5,691	4,694	997
Total Undist. Expend. - Health Services	107,639	172	107,811	101,870	5,941
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Purchased Professional - Educational Services		13,500	13,500	13,500	
Total Undist. Expend. - Speech, OT, PT, Related Svcs		13,500	13,500	13,500	
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	488,853	(23,106)	465,747	449,783	15,964
Salaries of Secretarial and Clerical Assistants	84,537	(700)	83,837	83,837	
Other Salaries	89,548	(3,352)	86,196	86,196	
Purchased Professional - Educational Services	6,150	(4,413)	1,737	1,737	
Other Purchased Services	66,917	(2,615)	64,302	47,714	16,588
Supplies and Materials	14,546	208	14,754	10,932	3,822
Other Objects	3,630	(1,070)	2,560	1,960	600
Total Undist. Expend. - Guidance	754,181	(35,048)	719,133	682,159	36,974

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	\$ 250,713	\$ (14,848)	\$ 235,865	\$ 230,423	\$ 5,442
Purchased Professional - Educational Services	17,400	(13,500)	3,900	700	3,200
Other Purchased Services	1,775	510	2,285	1,278	1,007
Supplies and Materials	475	(156)	319	202	117
Other Objects		356	356	183	173
Total Undist. Expend. - Child Study Teams	270,363	(27,638)	242,725	232,786	9,939
Undist. Expend. - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	346,891		346,891	305,827	41,064
Salaries of Other Professional Staff	15,000	(15,000)			
Salaries of Secretarial and Clerical Assistants	120,157	4,099	124,256	124,256	
Other Purchased Professional and Technical Services	14,320	(1,350)	12,970	8,725	4,245
Other Objects	2,400	100	2,500	2,460	40
Total Undist. Expend. - Improvement of Instruction Services	498,768	(12,151)	486,617	441,268	45,349
Undist. Expend. - Educational Media Services/School Library:					
Salaries	70,664	(4,190)	66,474	62,589	3,885
Other Purchased Services	5,850	1,975	7,825	7,825	
Supplies and Materials	3,470	(2,416)	1,054	1,054	
Total Undist. Expend. - Educational Media Services/School Library	79,984	(4,631)	75,353	71,468	3,885
Undist. Expend. - Support Services - General Administration:					
Salaries	304,157	(32,716)	271,441	271,081	360
Legal Services	61,155	(14,155)	47,000	33,862	13,138
Audit Fees	42,000	330	42,330	41,500	830
Architectural/Engineering Services	15,000		15,000	375	14,625
Other Purchased Professional Services	4,950	(774)	4,176	3,919	257

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Support Services - General Administration: (Cont'd)					
Communications/Telephone	\$ 16,353	\$ 2,261	\$ 18,614	\$ 17,806	\$ 808
Other Purchased Services	54,825	(2,622)	52,203	50,583	1,620
General Supplies	3,288	10,079	13,367	8,685	4,682
Miscellaneous Expenditures	22,965	2,012	24,977	24,837	140
Total Undist. Expend. - Support Services - General Administration	524,693	(35,585)	489,108	452,648	36,460
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	627,480	4,292	631,772	626,772	5,000
Salaries of Secretarial and Clerical Assistants	219,694	38,089	257,783	257,783	
Other Salaries	2,396		2,396	1,545	851
Purchased Professional and Technical Services	15,300	(3,135)	12,165	5,981	6,184
Other Purchased Services	41,565	424	41,989	23,628	18,361
Supplies and Materials	28,999	12,057	41,056	25,322	15,734
Other Objects	5,800	714	6,514	5,954	560
Total Undist. Expend. - Support Services - School Administration	941,234	52,441	993,675	946,985	46,690
Undistributed Expenditures - Central Services:					
Salaries	415,174		415,174	412,444	2,730
Purchased Professional Services	1,750	50	1,800	1,800	
Miscellaneous Purchased Services	46,359	319	46,678	34,139	12,539
Supplies and Materials	15,968	(239)	15,729	9,430	6,299
Miscellaneous Expenditures	1,347	189	1,536	1,504	32
Total Undistributed Expenditures - Central Services	480,598	319	480,917	459,317	21,600
Undistributed Expenditures - Administrative Information Technology:					
Salaries	203,898	(6,367)	197,531	197,531	
Purchased Professional Services	1,106		1,106		1,106

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures - Administrative Information Technology (Cont'd):					
Miscellaneous Purchased Services	\$ 29,387	\$ 21,880	\$ 51,267	\$ 38,725	\$ 12,542
Supplies and Materials	20,500	64,543	85,043	50,603	34,440
Total Undistributed Expenditures - Admin. Info. Technology	254,891	80,056	334,947	286,859	48,088
Required Maintenance for School Facilities:					
Salaries	270,716		270,716	255,036	15,680
Cleaning, Repair and Maintenance Services	130,607	52,597	183,204	100,127	83,077
General Supplies	28,206	14,155	42,361	18,031	24,330
Other Objects	300		300	144	156
Total Required Maintenance for School Facilities	429,829	66,752	496,581	373,338	123,243
Undist. Expend. - Custodial Services:					
Salaries	477,855	8,663	486,518	483,540	2,978
Purchased Professional and Technical Services	50,290	(3,169)	47,121	28,790	18,331
Cleaning, Repair and Maintenance Services	96,141	(28,881)	67,260	53,261	13,999
Rental of Land/Building Other than Lease Purchase Agreements		550	550	550	
Other Purchased Property Services	15,000		15,000	10,224	4,776
Insurance	68,000		68,000	34,469	33,531
Miscellaneous Purchased Services	500	(300)	200		200
General Supplies	68,836	181	69,017	45,463	23,554
Energy (Natural Gas)	272,000	(7,795)	264,205	167,062	97,143
Energy (Electricity)	459,098	(34,780)	424,318	294,010	130,308
Total Undist. Expend. - Custodial Services	1,507,720	(65,531)	1,442,189	1,117,369	324,820
Undist. Expend. - Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	31,825	39,779	71,604	33,729	37,875
Total Undist. Expend. - Care and Upkeep of Grounds	31,825	39,779	71,604	33,729	37,875

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. -Security:					
Salaries	\$ 58,298	\$ 5,254	\$ 63,552	\$ 63,211	\$ 341
Purchased Professional and Technical Services	53,446	23,354	76,800	73,800	3,000
Total Undist. Expend. - Security	111,744	28,608	140,352	137,011	3,341
Undistributed Expenditures - Student Transportation Services					
Salaries for Pupil Transportation:					
Other than Between Home and School	7,500		7,500	7,500	
Contracted Services:					
Other than Between Home and School - Vendors	31,550	(19,860)	11,690	6,833	4,857
Contracted Services - Regular Students - ESCs & CTSA's	151,608	(8,574)	143,034	131,598	11,436
Other Purchased Professional & Technical Services		50	50	50	
Cleaning, Repair, & Maintenance Services	2,500	(94)	2,406		2,406
Rental Payments - School Buses	9,612		9,612	9,612	
Miscellaneous Purchased Services - Transportation		167	167	167	
Total Undistributed Expenditures - Student Transportation Services	202,770	(28,311)	174,459	155,760	18,699
Regular Programs - Instruction - Allocated Benefits:					
Social Security Contributions	24,652	(24,652)			
Other Retirement Contribution - PERS		139	139	138	1
Unemployment Compensation	23,426	(23,000)	426		426
Workmen's Compensation	8,068	(8,068)			
Health Benefits	356,448	(356,448)			
Tuition Reimbursement	28,800	(26,935)	1,865	1,500	365
Other Employee Benefits	56,203	(56,203)			
Total Regular Programs - Allocated Benefits	497,597	(495,167)	2,430	1,638	792

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Special Programs - Instruction - Allocated Benefits:					
Workmen's Compensation	\$ 1,242	\$ (1,242)			
Health Benefits	60,904	(60,904)			
Tuition Reimbursement	4,800	(3,600)	\$ 1,200		\$ 1,200
Other Employee Benefits	6,266	(6,266)			
Total Special Programs - Instruction - Allocated Benefits	73,212	(72,012)	1,200		1,200
Vocational Programs - Allocated Benefits:					
Social Security Contributions	30,656	(30,656)			
Other Retirement Contributions - PERS	16,139	(16,139)			
Unemployment Compensation	23,000	(23,000)			
Workmen's Compensation	8,251	(8,251)			
Health Benefits	354,951	(354,951)			
Tuition Reimbursement	9,600	(9,600)			
Other Employee Benefits	36,563	(36,563)			
Total Vocational Programs - Allocated Benefits	479,160	(479,160)			
Other Instructional Programs - Allocated Benefits:					
Social Security Contributions	14,811	(14,811)			
Workmen's Compensation	658	(658)			
Total Other Instructional Programs - Allocated Benefits	15,469	(15,469)			
Attendance and Social Work - Allocated Benefits:					
Social Security Contributions	4,132	(4,132)			
Other Retirement Contributions - PERS	5,347	(5,347)			
Workmen's Compensation	184	(184)			
Health Benefits	15,651	(15,651)			
Other Employee Benefits	1,253	(1,253)			
Total Attendance and Social Work - Allocated Benefits	26,567	(26,567)			

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Health Services - Allocated Benefits:					
Social Security Contributions	\$ 650	\$ (650)			
Workmen's Compensation	300	(300)			
Health Benefits	16,713	(16,713)			
Other Employee Benefits	1,253	(1,253)			
Total Health Services - Allocated Benefits	<u>18,916</u>	<u>(18,916)</u>			
Undist. Expend. - Guidance - Allocated Benefits :					
Social Security Contributions	16,342	(16,342)			
Other Retirement Contributions - PERS	17,875	(17,875)			
Unemployment Compensation	1,000	(1,000)			
Workmen's Compensation	2,266	(2,266)			
Health Benefits	82,925	(82,925)			
Tuition Reimbursement	6,800	(4,100)	\$ 2,700	\$ 1,500	\$ 1,200
Other Employee Benefits	10,026	(10,026)			
Total Undist. Expend. - Guidance - Allocated Benefits	<u>137,234</u>	<u>(134,534)</u>	<u>2,700</u>	<u>1,500</u>	<u>1,200</u>
Undist. Expend. - Child Study Team - Allocated Benefits:					
Social Security Contributions	650	(650)			
Unemployment Compensation	2,000	(2,000)			
Workmen's Compensation	826	(826)			
Health Benefits	23,583	(23,583)			
Other Employee Benefits	3,760	(3,656)	104	104	
Total Undist. Expend. - Child Study Team - Allocated Benefits	<u>30,819</u>	<u>(30,715)</u>	<u>104</u>	<u>104</u>	
Undist. Expend. - Improvement of Instruction Services - Allocated Benefits:					
Social Security Contributions	10,416	(10,416)			
Other Retirement Contributions - PERS	11,599	(11,599)			

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Improvement of Instruction Services - Allocated Benefits (Cont'd):					
Unemployment Compensation	\$ 2,500	\$ (2,500)			
Workmen's Compensation	1,621	(1,621)			
Health Benefits	49,253	(49,253)			
Other Employee Benefits	7,520	(7,520)			
Total Undist. Expend. - Improvement of Instruction Services - Allocated Benefits	<u>82,909</u>	<u>(82,909)</u>			
Undist. Expend. - Educational Media Services/School Library - Allocated Benefits:					
Workmen's Compensation	239	(239)			
Health Benefits	5,978	(5,978)			
Other Employee Benefits	1,253	(1,253)			
Total Undist. Expend. - Educational Media Services/School Library - Allocated Benefits	<u>7,470</u>	<u>(7,470)</u>			
Undist. Expend. - Support Services - General Administration - Allocated Benefits:					
Social Security Contributions	9,292	(9,292)			
Other Retirement Contribution - PERS	12,025	(12,025)			
Unemployment Compensation	2,000	(2,000)			
Workmen's Compensation	1,067	(1,067)			
Health Benefits	34,516	(34,516)			
Other Employee Benefits	3,760	(3,760)			
Total Undist. Expend. - Support Services - General Administration - Allocated Benefits	<u>62,660</u>	<u>(62,660)</u>			

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Support Serv. - School Administration - Allocated Benefits:					
Social Security Contributions	\$ 21,811	\$ (21,811)			
Other Retirement Contribution - PERS	28,027	(28,027)			
Unemployment Compensation	7,000	(7,000)			
Workmen's Compensation	3,084	(3,084)			
Health Benefits	117,603	(117,603)			
Tuition Reimbursement	9,600	(7,800)	\$ 1,800	\$ 1,800	
Other Employee Benefits	8,773	(8,564)	209	209	
Total Undist. Expend. - Support Serv. - School Administration - Allocated Benefits	<u>195,898</u>	<u>(193,889)</u>	<u>2,009</u>	<u>2,009</u>	
Undist. Expend. - Support Serv. - Central Services - Allocated Benefits					
Social Security Contributions	19,967	(19,967)			
Other Retirement Contribution - PERS	25,344	(25,344)			
Unemployment Compensation	3,000	(3,000)			
Workmen's Compensation	1,410	(1,410)			
Health Benefits	47,071	(47,071)			
Other Employee Benefits	10,013	(10,013)			
Total Undist. Expend. - Support Serv. - Central Services - Allocated Benefits	<u>106,805</u>	<u>(106,805)</u>			
Undist. Expend. - Support Serv. - Admin. Info. Tech. - Allocated Benefits:					
Social Security Contributions	15,981	(15,981)			
Other Retirement Contribution - PERS	20,681	(20,681)			
Unemployment Compensation	1,000	(1,000)			
Workmen's Compensation	710	(710)			

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Support Serv. - Admin. Info. Tech. - Allocated					
Benefits: (Cont'd)					
Health Benefits	\$ 29,874	\$ (29,874)			
Other Employee Benefits	2,507	(2,507)			
Total Undist. Expend. - Support Serv. - Admin. Info. Tech. - Allocated Benefits	<u>70,753</u>	<u>(70,753)</u>			
Undist. Expend. - Operation & Maintenance of Plant - Allocated Benefits:					
Social Security Contributions	66,902	(66,902)			
Other Retirement Contribution - PERS	83,080	(83,080)			
Unemployment Compensation	10,500	(10,500)			
Workmen's Compensation	19,271	(19,271)			
Health Benefits	167,187	(167,187)			
Other Employee Benefits	29,033	(29,033)			
Total Undist. Expend. - Other Operation & Maintenance of Plant - Allocated Benefits	<u>375,973</u>	<u>(375,973)</u>			
Student Transportation Services - Allocated Benefits:					
Social Security Contributions	574	(574)			
Workmen's Compensation	144	(144)			
Total Student Transportation Services	<u>718</u>	<u>(718)</u>			
TOTAL ALLOCATED BENEFITS	<u>2,182,160</u>	<u>(2,173,717)</u>	<u>\$ 8,443</u>	<u>\$ 5,251</u>	<u>\$ 3,192</u>
Unallocated Benefits:					
Social Security Contributions		220,609	220,609	215,101	5,508
Other Retirement Contributions - PERS		272,359	272,359	272,359	
Other Retirement Contributions - Regular		5,096	5,096	4,630	466

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Unallocated Benefits (Cont'd):					
Unemployment Compensation		\$ 23,147	\$ 23,147	\$ 4,143	\$ 19,004
Workmen's Compensation		111,013	111,013	111,013	
Health Benefits		1,208,872	1,208,872	1,208,872	
Tuition Reimbursement		56,600	56,600	21,439	35,161
Other Employee Benefits		180,870	180,870	180,633	237
Total Unallocated Benefits		2,078,566	2,078,566	2,018,190	60,376
On-Behalf TPAF Pension Contributions (Non-Budgeted)				298,109	(298,109)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				488,787	(488,787)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				516,880	(516,880)
TOTAL ON-BEHALF CONTRIBUTIONS				1,303,776	(1,303,776)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 2,182,160	(95,151)	2,087,009	3,327,217	(1,240,208)
TOTAL UNDISTRIBUTED EXPENDITURES	6,250,245	72,732	6,322,977	5,559,754	763,223
TOTAL GENERAL CURRENT EXPENSE	16,347,501	(35,696)	16,311,805	16,691,819	(380,014)
CAPITAL OUTLAY:					
Equipment:					
Grades 9-12		3,472	3,472	3,472	
Regular Vocational Programs		13,033	13,033	9,313	3,720
Undistributed Expenditures:					
Other Support Services Students - Regular	2,295		2,295	1,995	300
General Administration		2,495	2,495	2,495	
Administrative Information Technology	24,400	(24,400)			
Custodial Services	46,329		46,329	41,329	5,000
Total Equipment	73,024	(5,400)	67,624	58,604	9,020

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CAPITAL OUTLAY: (Cont'd)					
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	\$ 88,735	\$ (31,187)	\$ 57,548	\$ 57,548	
Total Facilities Acquisition and Construction Services	<u>88,735</u>	<u>(31,187)</u>	<u>57,548</u>	<u>57,548</u>	
 TOTAL CAPITAL OUTLAY	 <u>161,759</u>	 <u>(36,587)</u>	 <u>125,172</u>	 <u>116,152</u>	 <u>\$ 9,020</u>
 SPECIAL SCHOOLS					
Post-Secondary - Instruction:					
Salaries of Teachers	269,991		269,991	269,110	881
Purchased Professional and Technical Services	5,700	(249)	5,451	500	4,951
Other Purchased Services	2,700	330	3,030	1,829	1,201
General Supplies	21,400		21,400	15,855	5,545
Textbooks	9,870	(4,085)	5,785		5,785
Other Objects	600		600	390	210
Total Post-Secondary - Instruction	<u>310,261</u>	<u>(4,004)</u>	<u>306,257</u>	<u>287,684</u>	<u>18,573</u>
 Post-Secondary - Support Services:					
Salaries	18,650	70,465	89,115	78,679	10,436
Personal Services - Employee Benefits	75,302	(3,239)	72,063	61,243	10,820
Other Purchased Services	1,950	(81)	1,869	869	1,000
Total Post-Secondary - Support Services	<u>95,902</u>	<u>67,145</u>	<u>163,047</u>	<u>140,791</u>	<u>22,256</u>
 TOTAL SPECIAL SCHOOLS	 <u>406,163</u>	 <u>63,141</u>	 <u>469,304</u>	 <u>428,475</u>	 <u>40,829</u>
 TOTAL EXPENDITURES	 <u>16,915,423</u>	 <u>(9,142)</u>	 <u>16,906,281</u>	 <u>17,236,446</u>	 <u>(330,165)</u>
 Excess/(Deficit) of Revenues Over/(Under) Expenditures	 <u>(329,312)</u>	 <u>9,142</u>	 <u>(320,170)</u>	 <u>980,583</u>	 <u>1,300,753</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources/(Uses):					
Transfer to Food Service Fund	\$ (35,000)	\$ (9,142)	\$ (44,142)	\$ (44,142)	
Transfer from Flexible Spending Trust Fund				83	\$ 83
Total Other Financing Sources/(Uses)	<u>(35,000)</u>	<u>(9,142)</u>	<u>(44,142)</u>	<u>(44,059)</u>	<u>83</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing (Uses)	(364,312)		(364,312)	936,524	1,300,836
Fund Balance, July 1	<u>2,129,694</u>		<u>2,129,694</u>	<u>2,129,694</u>	
Fund Balance, June 30	<u>\$ 1,765,382</u>	<u>\$ -0-</u>	<u>\$ 1,765,382</u>	<u>\$ 3,066,218</u>	<u>\$ 1,300,836</u>
<u>Recapitulation:</u>					
Restricted:					
Excess Surplus to be Utilized for 2015-2016 school year				\$ 385,568	
Excess Surplus to be Utilized for 2014-2015 school year				251,038	
Capital Reserve				1,173,079	
Assigned:					
Year End Encumbrances				300,573	
Unassigned					
				<u>955,960</u>	
				3,066,218	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				<u>(106,971)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,959,247</u>	

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 5,000	\$ 5,000	\$ 1,531	\$ (3,469)
State Sources	\$ 58,900	26,217	85,117	50,679	(34,438)
Federal Sources	1,314,220	582,116	1,896,336	1,711,444	(184,892)
Total Revenues	1,373,120	613,333	1,986,453	1,763,654	(222,799)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	343,280	(24,810)	318,470	246,638	71,832
Purchased Professional and Technical Services		67,374	67,374	59,925	7,449
Other Purchased Services		15,886	15,886	13,385	2,501
General Supplies	343,280	(89,192)	254,088	243,074	11,014
Other Objects		11,290	11,290	11,191	99
Total Instruction	686,560	(19,452)	667,108	574,213	92,895
Support Services:					
Salaries of Other Professional Staff	274,624	128,593	403,217	369,891	33,326
Personal Services - Employee Benefits	137,312	38,469	175,781	126,163	49,618
Purchased Professional-Technical Services	68,656	(52,608)	16,048	12,631	3,417
Tuition		291,608	291,608	291,608	
Other Purchased Services	34,328	308,851	343,179	301,440	41,739
Supplies and Materials		3,715	3,715	2,035	1,680
Other Objects		59	59		59
Total Support Services	514,920	718,687	1,233,607	1,103,768	129,839
Facilities Acquisition and Construction Services:					
Instructional Equipment	171,640	(85,902)	85,738	85,673	65
Total Facilities Acquisition and Construction Services	171,640	(85,902)	85,738	85,673	65
Total Expenditures	\$ 1,373,120	\$ 613,333	\$ 1,986,453	\$ 1,763,654	\$ 222,799

Exhibit C-3
1 of 2

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 18,217,029	\$ 1,763,654
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Current Year Encumbrances		(8,036)
Cancellation of Prior Year Encumbrances		(2,009)
Prior Year Encumbrances		9,499
Prior Year State Aid Payments not Recognized for Budgetary Purposes, Recognized for GAAP Statements	112,587	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(106,971)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 18,222,645</u>	<u>\$ 1,763,108</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 17,236,446	\$ 1,763,654
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.:		
Current Year Encumbrances		(8,036)
Cancellation of Prior Year Encumbrances		(2,009)
Prior Year Encumbrances		9,499
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 17,236,446</u>	<u>\$ 1,763,108</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and are voted upon by the County School Board of Estimate, which consists of three Morris County Freeholders and two Morris County Vocational School District board members. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Private Donations	Consolidated Adult Basic Skills/Integrated English Literacy Civics Education	I.D.E.A. Part B, Basic		Carl D. Perkins Act Secondary	Carl D. Perkins Act Post Secondary
			FY 2014	FY 2013		
REVENUES:						
Local Sources	\$ 1,531					
State Sources						
Federal Sources		\$ 773,700	\$ 171,539	\$ 6,605	\$ 334,484	\$ 116,424
Total Revenues	1,531	773,700	171,539	6,605	334,484	116,424
EXPENDITURES:						
Instruction:						
Salaries of Teachers		240,186			2,202	
Purchased Professional and Technical Services			6,896		18,501	33,678
Other Purchased Services					12,294	
General Supplies	1,531	49,769	5,246		120,677	51,825
Other Objects					11,191	
Total Instruction	1,531	289,955	12,142		164,865	85,503
Support Services:						
Salaries of Other Professional Staff		135,291	108,422		79,985	5,875
Personal Services - Employee Benefits		67,259	45,394		11,158	
Purchased Professional - Technical Services			5,369	5,878	1,384	
Tuition						
Other Purchased Services		280,995	200		12,631	3,675
Supplies and Materials		200	12	727	159	
Total Support Services		483,745	159,397	6,605	105,317	9,550
Total Facilities Acquisition and Construction Services						
Instructional Equipment					64,302	21,371
Total Facilities Acquisition and Construction Services					64,302	21,371
Total Expenditures	\$ 1,531	\$ 773,700	\$ 171,539	\$ 6,605	\$ 334,484	\$ 116,424

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Youth Transition to Work		Apprenticeship Coordinator	No Child Left Behind			
	FY 2014	FY 2013		Title I FY 2014	Title I FY 2013	Title IIA FY 2014	Title IIA FY 2013
REVENUES:							
Local Sources							
State Sources	\$ 25,791	\$ 9,888	\$ 15,000				
Federal Sources				\$ 12,699	\$ 1,091	\$ 2,745	\$ 549
Total Revenues	25,791	9,888	15,000	12,699	1,091	2,745	549
EXPENDITURES:							
Instruction:							
Salaries of Teachers		4,250					
Purchased Professional and Technical Services	850						
Other Purchased Services					1,091		
General Supplies	4,034	2,208		7,784			
Other Objects							
Total Instruction	4,884	6,458		7,784	1,091		
Support Services:							
Salaries of Other Professional Staff	18,181	2,714	14,951	4,350		122	
Personal Services - Employee Benefits	1,102	688		562			
Purchased Professional - Technical Services							
Tuition							
Other Purchased Services	1,236	28	49	3		2,623	
Supplies and Materials	388						549
Total Support Services	20,907	3,430	15,000	4,915		2,745	549
Total Facilities Acquisition and Construction Services							
Instructional Equipment							
Total Facilities Acquisition and Construction Services							
Total Expenditures	\$ 25,791	\$ 9,888	\$ 15,000	\$ 12,699	\$ 1,091	\$ 2,745	\$ 549

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Pell Grant	Stafford Loans		PLUS Loans	Totals 2014
		Subsidized	Unsubsidized		
REVENUES:					
Local Sources					\$ 1,531
State Sources					50,679
Federal Sources	\$ 107,246	\$ 78,930	\$ 101,600	\$ 3,832	1,711,444
Total Revenues	107,246	78,930	101,600	3,832	1,763,654
EXPENDITURES:					
Instruction:					
Salaries of Teachers					246,638
Purchased Professional and Technical Services					59,925
Other Purchased Services					13,385
General Supplies					243,074
Other Objects					11,191
Total Instruction					574,213
Support Services:					
Salaries of Other Professional Staff					369,891
Personal Services - Employee Benefits					126,163
Purchased Professional - Technical Services					12,631
Tuition	107,246	78,930	101,600	3,832	291,608
Other Purchased Services					301,440
Supplies and Materials					2,035
Total Support Services	107,246	78,930	101,600	3,832	1,103,768
Total Facilities Acquisition and Construction Services					
Instructional Equipment					85,673
Total Facilities Acquisition and Construction Services					85,673
Total Expenditures	\$ 107,246	\$ 78,930	\$ 101,600	\$ 3,832	\$ 1,763,654

CAPITAL PROJECTS FUND

Exhibit F-1

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Revenue and Other Financing Sources:	
County Improvement Authorization	\$ 1,292,220
	<hr/>
Total Revenue and Other Financing Sources	1,292,220
	<hr/>
Expenditures:	
Purchased Professional and Technical Services	188,956
Construction Services	1,078,509
	<hr/>
Total Expenditures	1,267,465
	<hr/>
Excess of Revenue and Other Financing Sources Over Expenditures	24,755
	<hr/>
Fund Balance - Beginning of Year	1,846,257
	<hr/>
Fund Balance - End of Year	\$ 1,871,012
	<hr/> <hr/>
<u>Recapitulation:</u>	
Committed	\$ 382,162
Committed - Year End Encumbrances	1,488,850
	<hr/>
Total Fund Balance - Budgetary Basis/GAAP Basis	\$ 1,871,012
	<hr/> <hr/>

Exhibit F-1A

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS IMPROVEMENTS/RENOVATIONS TO SCHOOL DISTRICT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization	<u>\$ 1,963,892</u>	<u></u>	<u>\$ 1,963,892</u>	<u>\$ 1,963,892</u>
Total Revenue and Other Financing Sources	<u>1,963,892</u>	<u></u>	<u>1,963,892</u>	<u>1,963,892</u>
Expenditures:				
Legal Services				32,305
Purchased Professional and Technical Services	99,982	\$ 20,266	120,248	154,000
Construction Services	1,553,716	289,928	1,843,644	1,692,940
Other Objects				84,647
Total Expenditures	<u>1,653,698</u>	<u>310,194</u>	<u>1,963,892</u>	<u>1,963,892</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 310,194</u>	<u>\$ (310,194)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	3365-050-12-2000; 3365-050-12-3000; 3365-050-12-4000
Grant Date	N/A
County Improvement Authorization Date	05/09/12
County Improvement Authorization	\$ 1,963,892
Original Authorized Cost	\$ 1,963,892
Additional Authorized Cost	-0-
Revised Authorized Cost	<u>\$ 1,963,892</u>

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	02/13
Revised Target Completion Date	12/13

Exhibit F-1B

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS IMPROVEMENTS/RENOVATIONS TO SCHOOL DISTRICT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization	\$ 972,351		\$ 972,351	\$ 972,351
Transfer from Capital Reserve	700,000		700,000	700,000
Total Revenue and Other Financing Sources	1,672,351		1,672,351	1,672,351
Expenditures:				
Legal Services				
Purchased Professional and Technical Services	136,288	\$ 77,457	213,745	242,500
Construction Services		788,581	788,581	1,341,035
Other Objects				88,816
Total Expenditures	136,288	866,038	1,002,326	1,672,351
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 1,536,063	\$ (866,038)	\$ 670,025	\$ -0-

Additional Project Information:

Project Numbers	3365-050-13-2000; 3365-050-13-3000; 3365-050-13-4000
Grant Date	N/A
County Improvement Authorization Date	04/24/13
County Improvement Authorization	\$ 972,351
Original Authorized Cost	\$ 1,672,351
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 1,672,351

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	60%
Original Target Completion Date	06/15
Revised Target Completion Date	N/A

Exhibit F-1C

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS IMPROVEMENTS/RENOVATIONS TO SCHOOL DISTRICT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization		\$ 1,292,220	\$ 1,292,220	\$ 1,292,220
Total Revenue and Other Financing Sources		1,292,220	1,292,220	1,292,220
Expenditures:				
Legal Services				2,550
Purchased Professional and Technical Services		\$ 91,233	91,233	112,265
Construction Services				1,111,979
Other Objects				65,426
Total Expenditures		91,233	91,233	1,292,220
Excess of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 1,200,987	\$ 1,200,987	\$ -0-

Additional Project Information:

Project Numbers	3365-050-14-2000; 3365-050-14-4000; 3365-050-14-5000; 3365-050-14-6000
Grant Date	N/A
County Improvement Authorization Date	04/24/13
County Improvement Authorization	\$ 1,292,220
Original Authorized Cost	\$ 1,292,220
Additional Authorized Cost	-0-
Revised Authorized Cost	<u>\$ 1,292,220</u>
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	7%
Original Target Completion Date	06/15
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014

	Non-Major Funds							
	Supermarket Account	Internet Consortium	Adult Education	ETTC	Cosmetology	Food Service	Food Function	Totals
<u>ASSETS:</u>								
Current Assets:								
Cash and Cash Equivalents	\$ 7,074	\$ 24,482	\$ 543	\$ 71,679	\$ 3,213	\$ 33,313	\$ 18,889	\$ 159,193
Intergovernmental Accounts Receivable:								
State						145		145
Federal						3,344		3,344
Other Accounts Receivable			3,120					3,120
Inventories						1,409		1,409
Total Current Assets	7,074	24,482	3,663	71,679	3,213	38,211	18,889	167,211
Non-Current Assets:								
Capital Assets		76,146	23,082	2,834		59,600		161,662
Less: Accumulated Depreciation		(76,146)	(6,913)	(2,834)		(43,970)		(129,863)
Total Non-Current Assets			16,169			15,630		31,799
Total Assets	7,074	24,482	19,832	71,679	3,213	53,841	18,889	199,010
<u>LIABILITIES:</u>								
Current Liabilities:								
Accounts Payable		2,339	3,916			33,313		39,568
Total Current Liabilities		2,339	3,916			33,313		39,568
Non-Current Liabilities:								
Compensated Absences Payable			5,663					5,663
Capital Leases Payable:								
Due Within One Year			2,509					2,509
Due Beyond One Year			7,401					7,401
Total Non-Current Liabilities			15,573					15,573
Total Liabilities		2,339	19,489			33,313		55,141
<u>NET POSITION:</u>								
Net Investment in Capital Assets			6,259			15,630		21,889
Unrestricted/(Deficit)	7,074	22,143	(5,916)	71,679	3,213	4,898	18,889	121,980
Total Net Position	\$ 7,074	\$ 22,143	\$ 343	\$ 71,679	\$ 3,213	\$ 20,528	\$ 18,889	\$ 143,869

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Non-Major Funds							
	Supermarket Account	Internet Consortium	Adult Education	ETTC	Cosmetology	Food Service	Food Function	Totals
Operating Revenue:								
Daily Sales						\$ 96,122		\$ 96,122
Charges for Services:								
Program Fees	\$ 11,266	\$ 30,244	\$ 581,402		\$ 2,156			625,068
Miscellaneous Revenue						5,331		5,331
Total Operating Revenue	11,266	30,244	581,402		2,156	101,453		726,521
Operating Expenses:								
Cost of Sales						38,656		38,656
Salaries		10,000	330,566			73,076		413,642
Employee Benefits			52,338			7,547		59,885
Purchased Professional and Technical Services			62,314			22,099		84,413
Other Purchased Services		25,512	57,151			3,894		86,557
Travel			313					313
Supplies and Materials	12,471	1,000	75,372		1,283	6,802	\$ 5,517	102,445
Miscellaneous Expense			347					347
Depreciation Expense		1,381	3,781			3,660		8,822
Total Operating Expenses	12,471	37,893	582,182		1,283	155,734	5,517	795,080
Operating Income/(Loss)	(1,205)	(7,649)	(780)		873	(54,281)	(5,517)	(68,559)

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Non-Major Funds							
	Supermarket Account	Internet Consortium	Adult Education	ETTC	Cosmetology	Food Service	Food Function	Totals
Non-Operating Revenue:								
State Sources:								
State School Lunch Program						\$ 728		\$ 728
Federal Sources:								
National School Lunch Program						17,704		17,704
Food Distribution Program						2,969		2,969
Total Non-Operating Income						21,401		21,401
Change in Net Position Before Other Items and Transfers	\$ (1,205)	\$ (7,649)	\$ (780)		\$ 873	(32,880)	\$ (5,517)	(47,158)
Other Items and Transfers:								
Operating Transfer In - General Fund						44,142		44,142
Cancellation of Prior Year's Accounts Payable			3,226					3,226
Cancellation of Prior Year's Accounts Receivable			(6,509)					(6,509)
Total Other Items and Transfers			(3,283)			44,142		40,859
Change in Net Position	(1,205)	(7,649)	(4,063)		873	11,262	(5,517)	(6,299)
Net Position - Beginning of Year	8,279	29,792	4,406	\$ 71,679	2,340	9,266	24,406	150,168
Net Position - End of Year	\$ 7,074	\$ 22,143	\$ 343	\$ 71,679	\$ 3,213	\$ 20,528	\$ 18,889	\$ 143,869

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Non-Major Funds							
	Supermarket Account	Internet Consortium	Adult Education	ETTC	Cosmetology	Food Service	Food Function	Totals
Cash Flows from Operating Activities:								
Receipts from Customers	\$ 11,266	\$ 30,244	\$ 583,339		\$ 2,156	\$ 101,453		\$ 728,458
Payments to Food Service Contractor						(128,616)		(128,616)
Payments to/for Employees		(10,000)	(383,710)					(393,710)
Payments to Suppliers	(12,471)	(26,749)	(198,700)		(1,283)		\$ (5,517)	(244,720)
Net Cash Provided by/(Used for) Operating Activities	(1,205)	(6,505)	929		873	(27,163)	(5,517)	(38,588)
Cash Flows from Capital and Related Financing Activities:								
Lease Purchase Principal Payment			(2,457)					(2,457)
Net Cash Used for Capital and Related Financing Activities			(2,457)					(2,457)
Cash Flows from Noncapital Financing Activities:								
Cash Received from Operating Transfers						44,142		44,142
State Sources						1,390		1,390
Federal Sources						14,944		14,944
Net Cash Provided by Noncapital and Financing Activities						60,476		60,476
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,205)	(6,505)	(1,528)		873	33,313	(5,517)	19,431
Cash and Cash Equivalents, July 1	8,279	30,987	2,071	\$ 71,679	2,340		24,406	139,762
Cash and Cash Equivalents, June 30	\$ 7,074	\$ 24,482	\$ 543	\$ 71,679	\$ 3,213	\$ 33,313	\$ 18,889	\$ 159,193

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Non-Major Funds							
	Supermarket Account	Internet Consortium	Adult Education	ETTC	Cosmetology	Food Service	Food Function	Totals
Reconciliation of Operating Income/(Loss) to								
Net Cash Provided by/(Used for) Operating Activities:								
Operating Income/(Loss)	\$ (1,205)	\$ (7,649)	\$ (780)		\$ 873	\$ (54,281)	\$ (5,517)	\$ (68,559)
Adjustment to Reconcile Operating Income/(Loss) to Cash								
Provided by/(Used for) Operating Activities:								
Depreciation		1,381	3,781			3,660		8,822
Food Distribution Program						2,969		2,969
Changes in Assets and Liabilities:								
Decrease in Other Accounts Receivable			1,937					1,937
Increase/(Decrease) in Accounts Payable		(237)	(3,203)			17,655		14,215
(Decrease) in Unearned Revenue						(289)		(289)
(Decrease) in Compensated Absences Payable			(806)					(806)
Decrease in Inventory						3,123		3,123
Net Cash Provided by/(Used for) Operating Activities	\$ (1,205)	\$ (6,505)	\$ 929	\$ -0-	\$ 873	\$ (27,163)	\$ (5,517)	\$ (38,588)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$2,680 and Utilized Commodities Valued at \$2,969.

The Adult Education Enterprise Fund paid down \$2,457 of lease purchase payable.

FIDUCIARY FUNDS

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Agency</u>		<u>Total</u>	<u>Unemployment</u>	<u>Flexible</u>	<u>Private</u>
	<u>Student</u>	<u>Payroll</u>	<u>Agency</u>	<u>Compensation</u>	<u>Spending</u>	<u>Purpose</u>
	<u>Activity</u>			<u>Trust</u>	<u>Trust</u>	<u>Scholarships</u>
						<u>Trust</u>
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 92,384	\$ 232,706	\$ 325,090	\$ 13,618	\$ 12,513	\$ 90,063
Interfund Receivable:						
Payroll Agency				2,987		
Total Assets	92,384	232,706	325,090	16,605	12,513	90,063
<u>LIABILITIES:</u>						
Interfund Payable:						
General Fund					10,844	
Unemployment Compensation Trust		2,987	2,987			
Payroll Deductions and Withholdings		11,786	11,786			
Accrued Salaries and Wages		217,933	217,933			
Due to Student Groups	92,384		92,384			
Total Liabilities	92,384	232,706	325,090		10,844	
<u>NET POSITION:</u>						
Held in Trust for:						
Unemployment Claims				16,605		
Flexible Spending Claims					1,669	
Restricted for Scholarships						90,063
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 16,605	\$ 1,669	\$ 90,063

Exhibit H-2

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
	<hr/>	<hr/>	<hr/>
ADDITIONS:			
Contributions:			
Plan Members	\$ 17,990	\$ 14,750	
Board Contributions	4,143		
Investment Earnings:			
Interest	8		\$ 136
Total Additions	<hr/> 22,141 <hr/>	<hr/> 14,750 <hr/>	<hr/> 136 <hr/>
DEDUCTIONS:			
Unemployment Benefit Claims	12,343		
Flexible Spending Claims		17,200	
Scholarships Awarded			1,500
Bank Service Charges			28
Total Deductions	<hr/> 12,343 <hr/>	<hr/> 17,200 <hr/>	<hr/> 1,528 <hr/>
Change in Net Position before Other Financing Uses	<hr/> 9,798 <hr/>	<hr/> (2,450) <hr/>	<hr/> (1,392) <hr/>
OTHER FINANCING USES:			
Transfer to General Fund		(83)	
Total Other Financing Uses		<hr/> (83) <hr/>	
Change in Net Position	9,798	(2,533)	(1,392)
Net Position - Beginning of the Year	<hr/> 6,807 <hr/>	<hr/> 4,202 <hr/>	<hr/> 91,455 <hr/>
Net Position - End of the Year	<hr/> \$ 16,605 <hr/>	<hr/> \$ 1,669 <hr/>	<hr/> \$ 90,063 <hr/>

Exhibit H-3

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 88,423	\$ 170,401	\$ 166,440	\$ 92,384
Total Assets	<u>\$ 88,423</u>	<u>\$ 170,401</u>	<u>\$ 166,440</u>	<u>\$ 92,384</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 88,423	\$ 170,401	\$ 166,440	\$ 92,384
Total Liabilities	<u>\$ 88,423</u>	<u>\$ 170,401</u>	<u>\$ 166,440</u>	<u>\$ 92,384</u>

Exhibit H-4

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 330,738	\$ 12,126,367	\$ 12,224,399	\$ 232,706
Total Assets	<u>\$ 330,738</u>	<u>\$ 12,126,367</u>	<u>\$ 12,224,399</u>	<u>\$ 232,706</u>
 <u>LIABILITIES:</u>				
Interfund Payable:				
General Fund	\$ 37,118		\$ 37,118	
Fiduciary Fund - Unemployment Trust	2,873	\$ 26,255	26,141	\$ 2,987
Payroll Deductions				
and Withholdings	90,715	11,883,039	11,961,968	11,786
Accrued Salaries and Wages	<u>200,032</u>	<u>217,073</u>	<u>199,172</u>	<u>217,933</u>
Total Liabilities	<u>\$ 330,738</u>	<u>\$ 12,126,367</u>	<u>\$ 12,224,399</u>	<u>\$ 232,706</u>

LONG-TERM DEBT

Exhibit I-1

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2013</u>	<u>Matured</u>	<u>Balance June 30, 2014</u>
Thomas 24-passengar School Bus	2.75%	\$ 44,634	\$ 27,319	\$ 8,861	\$ 18,458
Copiers	2.10%	92,964	90,020	17,883	72,137
			<u>\$ 117,339</u>	<u>\$ 26,744</u>	<u>\$ 90,595</u>
			Governmental Activities		\$ 80,685
			Business-Type Activities		<u>9,910</u>
					<u>\$ 90,595</u>

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net Investment in Capital Assets	\$ 14,972,740	\$ 16,099,510	\$ 18,012,369	\$ 18,453,593	\$ 18,114,525	\$ 17,726,665	\$ 17,268,964	\$ 16,799,233	\$ 18,249,442	\$ 19,083,633
Restricted	3,511,631	2,713,606	3,163,900	2,440,427	1,277,463	1,014,488	719,472	2,842,525	773,349	1,809,685
Unrestricted	513,300	714,776	435,986	356,475	897,989	129,870	580,782	684,138	2,601,034	2,551,941
Total Governmental Activities Net Position	<u>\$ 18,997,671</u>	<u>\$ 19,527,892</u>	<u>\$ 21,612,255</u>	<u>\$ 21,250,495</u>	<u>\$ 20,289,977</u>	<u>\$ 18,871,023</u>	<u>\$ 18,569,218</u>	<u>\$ 20,325,896</u>	<u>\$ 21,623,825</u>	<u>\$ 23,445,259</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 65,303	\$ 71,191	\$ 72,670	\$ 62,785	\$ 46,852	\$ 38,426	\$ 34,104	\$ 32,216	\$ 28,254	\$ 21,889
Unrestricted	462,774	460,183	461,089	467,862	381,707	263,690	211,506	116,132	121,914	121,980
Total Business-type Activities Net Position	<u>\$ 528,077</u>	<u>\$ 531,374</u>	<u>\$ 533,759</u>	<u>\$ 530,647</u>	<u>\$ 428,559</u>	<u>\$ 302,116</u>	<u>\$ 245,610</u>	<u>\$ 148,348</u>	<u>\$ 150,168</u>	<u>\$ 143,869</u>
District-wide										
Net Investment in Capital Assets	\$ 15,038,043	\$ 16,170,701	\$ 18,085,039	\$ 18,516,378	\$ 18,161,377	\$ 17,765,091	\$ 17,303,068	\$ 16,831,449	\$ 18,277,696	\$ 19,105,522
Restricted	3,511,631	2,713,606	3,163,900	2,440,427	1,277,463	1,014,488	719,472	2,842,525	773,349	1,809,685
Unrestricted	976,074	1,174,959	897,075	824,337	1,279,696	393,560	792,288	800,270	2,722,948	2,673,921
Total District Net Position	<u>\$ 19,525,748</u>	<u>\$ 20,059,266</u>	<u>\$ 22,146,014</u>	<u>\$ 21,781,142</u>	<u>\$ 20,718,536</u>	<u>\$ 19,173,139</u>	<u>\$ 18,814,828</u>	<u>\$ 20,474,244</u>	<u>\$ 21,773,993</u>	<u>\$ 23,589,128</u>

Source: School District Financial Reports

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental Activities:										
Instruction										
Regular	\$ 2,320,519	\$ 2,632,723	\$ 3,099,798	\$ 3,995,248	\$ 4,114,766	\$ 4,574,965	\$ 4,802,430	\$ 5,273,623	\$ 5,302,990	\$ 5,285,328
Special Education	128,108	122,306	118,660	223,776	277,639	379,783	409,248	450,689	534,556	534,548
Vocational Education	3,743,634	3,622,026	3,791,358	3,880,587	3,536,180	3,777,258	3,585,918	3,720,334	3,941,855	3,752,582
Other Special Instruction	23,622	261,243	300,944	441,039	445,002	440,205	256,821	233,990	290,081	287,998
Support Services:										
Student and Instruction Related Services	1,340,757	1,431,145	1,536,519	1,372,369	1,370,525	1,830,658	2,373,119	2,714,931	2,800,250	2,749,365
General Administrative Services	413,789	486,909	498,678	536,066	415,245	392,675	583,387	607,139	736,765	536,254
School Administrative Services	1,442,746	1,497,101	1,607,104	1,751,725	1,562,126	1,490,547	1,309,806	1,332,581	1,203,423	1,226,292
Central Services	335,956	428,787	485,476	504,734	522,604	528,839	671,784	655,869	581,469	570,132
Administrative Information Technology	87,375	112,750	121,779	146,381	155,508	163,698	215,829	244,956	302,753	428,018
Plant Operations and Maintenance	1,029,130	1,429,290	1,315,105	1,538,568	1,513,626	1,621,683	2,069,839	2,101,988	2,028,223	2,023,212
Pupil Transportation					239	7,104	108,470	142,824	126,746	152,221
Special Schools	2,513,246	2,562,024	2,446,559	3,014,889	3,242,842	2,909,832	1,203,924	1,106,689	1,169,112	1,334,528
Capital Outlay	418,546	365,564	41,413	2,962	49,839		78,585	54,775	64,549	62,039
Unallocated Depreciation	132,061	155,710	414,861	407,758	407,757	463,126	435,761	435,762	469,687	469,963
Total Governmental Activities Expenses	13,929,489	15,107,578	15,778,254	17,816,102	17,613,898	18,580,373	18,104,921	19,076,150	19,552,459	19,412,480
Business-Type Activities:										
Enterprise Funds	349,000	352,965	353,618	389,188	468,985	706,502	999,329	936,633	811,257	795,080
Total Business-Type Activities Expense	349,000	352,965	353,618	389,188	468,985	706,502	999,329	936,633	811,257	795,080
Total District Expenses	14,278,489	15,460,543	16,131,872	18,205,290	18,082,883	19,286,875	19,104,250	20,012,783	20,363,716	20,207,560
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition								8,774,701	8,924,844	9,314,509
Operating Grants and Contributions	2,901,195	2,896,719	3,360,077	3,765,529	2,935,855	2,903,398	2,997,416	3,100,157	3,842,274	3,560,437
Capital Grants and Contributions	117,444	137,990								
Total Governmental Activities Program Revenues	3,018,639	3,034,709	3,360,077	3,765,529	2,935,855	2,903,398	2,997,416	11,874,858	12,767,118	12,874,946
Business-Type Activities:										
Charges for Services:										
Enterprise Funds	348,857	338,229	348,393	342,643	326,277	521,007	872,288	781,278	762,613	726,521
Operating Grants and Contributions	4,200	5,252	8,381	13,248	20,998	25,795	25,551	32,379	27,173	21,401
Total Business-Type Activities Program Revenues	353,057	343,481	356,774	355,891	347,275	546,802	897,839	813,657	789,786	747,922

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED
(Continued)

	June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total District Program Revenues	\$ 3,371,696	\$ 3,378,190	\$ 3,716,851	\$ 4,121,420	\$ 3,283,130	\$ 3,450,200	\$ 3,895,255	\$ 12,688,515	\$ 13,556,904	\$ 13,622,868
Net (Expense)/Revenue:										
Governmental Activities	(10,910,850)	(12,072,869)	(12,418,177)	(14,050,573)	(14,678,043)	(15,676,975)	(15,107,505)	(7,201,292)	(6,785,341)	(6,537,534)
Business-Type Activities	4,057	(9,484)	3,156	(33,297)	(121,710)	(159,700)	(101,490)	(122,976)	(21,471)	(47,158)
Total District-Wide Net Expense	(10,906,793)	(12,082,353)	(12,415,021)	(14,083,870)	(14,799,753)	(15,836,675)	(15,208,995)	(7,324,268)	(6,806,812)	(6,584,692)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
County Tax Levy	5,763,747	5,848,095	6,086,061	6,351,286	6,351,286	6,351,286	\$ 6,351,286	\$ 6,351,286	\$ 6,351,286	\$ 6,351,286
Federal and State Aid not Restricted	246,729	334,534	290,966	335,005	1,032,956	655,008	388,508	623,050	695,443	706,862
Tuition	3,765,382	4,206,892	4,941,747	5,580,316	5,992,857	6,937,181	8,232,968			
Interest Earnings	24,271	35,582	37,362	32,524	22,000	2,435	2,461	2,671	5,761	4,687
Transfers	(22,304)	(16,577)	(4,649)	(36,646)	(19,152)	(34,092)	(47,664)	(26,554)	(32,748)	(44,059)
Residual Equity Transfer		4,947	7,067							
County Bond Ordinance Proceeds	722,111	995,123	2,462,325	773,626	(8,307)					
County Improvement Authorization								1,963,892	972,351	1,292,220
Debt Service Contribution to County of Morris					(246,200)	(246,200)	(246,200)			
Miscellaneous Income	534,815	653,853	713,530	652,702	592,085	592,403	124,341	43,625	91,177	47,972
Total Governmental Activities	11,034,751	12,062,449	14,534,409	13,688,813	13,717,525	14,258,021	14,805,700	8,957,970	8,083,270	8,358,968
Business-Type Activities:										
Transfers	22,304	16,577	4,649	36,646	19,152	34,092	47,664	27,702	33,325	44,142
Residual Equity Transfer		(4,947)	(7,067)							
Contributed Capital	59,600									
Miscellaneous Income	53	1,151								
Cancellation of Prior Year's Accounts Receivable/Payable				166	470	(835)	(2,680)	(1,988)	(10,034)	(3,283)
Deletion of Capital Assets, Net of Accumulated Depreciation				(6,627)						
Total Business-Type Activities	81,957	12,781	(2,418)	30,185	19,622	33,257	44,984	25,714	23,291	40,859
Total District-Wide	11,116,708	12,075,230	14,531,991	13,718,998	13,737,147	14,291,278	14,850,684	8,983,684	8,106,561	8,399,827

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED
(Continued)

	June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Change in Net Position:										
Governmental Activities	\$ 123,901	\$ (10,420)	\$ 2,116,232	\$ (361,760)	\$ (960,518)	\$ (1,418,954)	\$ (301,805)	\$ 1,756,678	\$ 1,297,929	\$ 1,821,434
Business-Type Activities	86,014	3,297	738	(3,112)	(102,088)	(126,443)	(56,506)	(97,262)	1,820	(6,299)
Total District	<u>\$ 209,915</u>	<u>\$ (7,123)</u>	<u>\$ 2,116,970</u>	<u>\$ (364,872)</u>	<u>\$ (1,062,606)</u>	<u>\$ (1,545,397)</u>	<u>\$ (358,311)</u>	<u>\$ 1,659,416</u>	<u>\$ 1,299,749</u>	<u>\$ 1,815,135</u>

Source: School District Financial Reports

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved/Restricted	\$ 3,248,271	\$ 2,450,066	\$ 3,163,900	\$ 2,440,427	\$ 1,277,463	\$ 1,014,488	\$ 719,472	\$ 878,633	\$ 773,349	\$ 1,809,685
Assigned							191,506	506,184	365,812	300,573
Unreserved/Unassigned	821,619	1,016,210	748,773	697,007	1,204,247	494,765	731,133	613,948	877,946	848,989
Total General Fund	<u>\$ 4,069,890</u>	<u>\$ 3,466,276</u>	<u>\$ 3,912,673</u>	<u>\$ 3,137,434</u>	<u>\$ 2,481,710</u>	<u>\$ 1,509,253</u>	<u>\$ 1,642,111</u>	<u>\$ 1,998,765</u>	<u>\$ 2,017,107</u>	<u>\$ 2,959,247</u>
All Other Governmental Funds										
Reserved/Restricted		\$ 2,933,314	\$ 774,559							
Committed								\$ 1,963,892	\$ 1,846,257	\$ 1,871,012
Unreserved, Reported In:										
Capital Projects Fund/(Deficit)	\$ 263,360	(2,669,774)	(774,559)							
Total All Other Governmental Funds	<u>\$ 263,360</u>	<u>\$ 263,540</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,963,892</u>	<u>\$ 1,846,257</u>	<u>\$ 1,871,012</u>
Total All Governmental Funds										
Reserved/Restricted	\$ 3,248,271	\$ 5,383,380	\$ 3,938,459	\$ 2,440,427	\$ 1,277,463	\$ 1,014,488	\$ 719,472	\$ 878,633	\$ 773,349	\$ 1,809,685
Committed								1,963,892	1,846,257	1,871,012
Assigned							191,506	506,184	365,812	300,573
Unreserved/Unassigned/(Deficit)	1,084,979	(1,653,564)	(25,786)	697,007	1,204,247	494,765	731,133	613,948	877,946	848,989
Total All Governmental Funds	<u>\$ 4,333,250</u>	<u>\$ 3,729,816</u>	<u>\$ 3,912,673</u>	<u>\$ 3,137,434</u>	<u>\$ 2,481,710</u>	<u>\$ 1,509,253</u>	<u>\$ 1,642,111</u>	<u>\$ 3,962,657</u>	<u>\$ 3,863,364</u>	<u>\$ 4,830,259</u>

Source: School District Financial Reports

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
County Tax Levy	\$ 5,763,747	\$ 5,848,095	\$ 6,086,061	\$ 6,351,286	\$ 6,351,286	\$ 6,351,286	\$ 6,351,286	\$ 6,351,286	\$ 6,351,286	\$ 6,351,286
Tuition from LEA's	3,553,351	3,939,749	4,670,005	5,248,766	5,697,043	6,607,163	7,915,480	8,439,180	8,445,786	8,856,352
Other Tuition	212,031	267,143	271,742	331,550	295,814	330,018	317,488	335,521	479,058	458,157
Interest Earned on Capital Reserve Funds	24,271	35,582	37,362	32,524	7,980	650	514	1,094	1,226	768
Unrestricted Miscellaneous Revenue	536,828	653,853	713,530	652,702	606,105	594,188	126,288	45,202	95,712	53,422
State Sources	1,959,250	2,189,307	2,482,995	2,706,358	2,366,682	1,993,269	1,835,427	2,279,210	3,021,850	2,556,977
Federal Sources	1,304,105	1,179,936	1,168,048	1,394,176	1,602,129	1,565,137	1,550,497	1,443,997	1,515,867	1,708,791
Total Revenue	13,353,583	14,113,665	15,429,743	16,717,362	16,927,039	17,441,711	18,096,980	18,895,490	19,910,785	19,985,753
Expenditures:										
Instruction:										
Regular Instruction	2,222,686	2,366,720	2,714,656	3,378,653	3,615,355	3,933,461	3,993,233	4,411,557	4,370,028	4,456,229
Special Education Instruction	70,228	96,306	79,111	164,887	227,084	303,079	301,950	321,444	385,919	389,739
Vocational Education Instruction	2,845,006	2,905,978	2,917,813	2,895,232	2,866,273	2,858,581	2,715,427	2,737,163	2,909,703	2,894,868
School-Sponsored/Other Instruction	22,648	256,469	295,040	381,734	428,209	420,870	238,683	219,463	272,978	266,705
Support Services:										
Student and Instruction Related Services	1,244,104	1,272,164	1,265,103	1,218,697	1,140,551	1,538,262	1,914,034	2,065,247	2,215,824	2,207,515
General Administrative Services	380,068	440,195	446,223	460,798	357,542	332,430	483,439	497,829	616,342	452,648
School Administrative Services	1,127,523	1,164,084	1,224,840	1,325,925	1,256,705	1,064,143	931,067	929,527	892,389	946,985
Central Services	242,969	353,139	384,243	370,721	417,662	398,580	504,745	476,847	459,217	459,317
Administrative Information Technology	71,161	95,971	95,607	97,334	107,313	102,974	144,417	162,096	229,006	286,859
Plant Operations and Maintenance	925,866	1,265,869	1,162,251	1,314,221	1,307,840	1,351,665	1,717,503	1,728,846	1,665,586	1,661,447
Pupil Transportation					239	7,104	108,470	146,113	129,593	155,760
Allocated Benefits	920,066	1,170,598	1,346,263	1,658,630	1,319,648	1,829,784	2,278,270	2,414,478	1,807,979	5,251
Unallocated Benefits	496,102	608,189	954,695	1,125,669	867,620	978,141	964,464	1,196,143	1,784,453	3,321,966
Special Schools	2,443,485	2,467,933	2,350,101	2,879,265	3,162,328	2,831,627	1,194,196	1,072,169	1,118,531	1,292,440
Capital Outlay	7,295,927	1,236,977	2,475,683	957,815	234,735	183,175	180,360	177,994	2,172,326	1,469,290
Total Expenditures	20,307,839	15,700,592	17,711,629	18,229,581	17,309,104	18,133,876	17,670,258	18,556,916	21,029,874	20,267,019
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,954,256)	(1,586,927)	(2,281,886)	(1,512,219)	(382,065)	(692,165)	426,722	338,574	(1,119,089)	(281,266)

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED
(Continued)

	June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses):										
County Bond Ordinance Proceeds	\$ 722,111	\$ 995,123	\$ 2,462,325	\$ 773,626	\$ (8,307)			\$ 1,963,892	\$ 972,351	\$ 1,292,220
County Improvement Authorizations										
Transfers	(22,304)	(11,630)	2,418	(36,646)	(19,152)	\$ (34,092)	\$ (47,664)	(26,554)	(32,748)	(44,059)
Debt Service Contribution to County of Morris					(246,200)	(246,200)	(246,200)			
Capital Leases (Non-budgeted)								44,634	80,193	
Total Other Financing Sources (Uses)	<u>699,807</u>	<u>983,493</u>	<u>2,464,743</u>	<u>736,980</u>	<u>(273,659)</u>	<u>(280,292)</u>	<u>(293,864)</u>	<u>1,981,972</u>	<u>1,019,796</u>	<u>1,248,161</u>
Net Change in Fund Balances	<u>\$ (6,254,449)</u>	<u>\$ (603,434)</u>	<u>\$ 182,857</u>	<u>\$ (775,239)</u>	<u>\$ (655,724)</u>	<u>\$ (972,457)</u>	<u>\$ 132,858</u>	<u>\$ 2,320,546</u>	<u>\$ (99,293)</u>	<u>\$ 966,895</u>
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A Not Applicable										

Source: School District Financial Reports

Exhibit J-5

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

Fiscal Year Ended June 30,	Tuition	Interest on Investments	Textbook Sales	Program Fees	Miscellaneous	Total
2005	\$ 3,765,382	\$ 42,150	\$ 50,902	\$ 392,052	\$ 73,982	\$ 4,324,468
2006	4,206,892	156,432	62,196	361,393	109,414	4,896,327
2007	4,941,747	174,486	166	440,528	135,712	5,692,639
2008	5,580,316	131,231		438,648	115,347	6,265,542
2009	5,992,857	22,000		453,116	138,969	6,606,942
2010	6,937,181	2,435		438,161	154,242	7,532,019
2011	8,232,968	2,461		971	123,370	8,359,770
2012	8,774,701	2,671			43,625	8,820,997
2013	8,924,844	5,761			91,177	9,021,782
2014	9,314,509	4,687			47,972	9,367,168

Source: District records

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities *	Net Valuation Taxable	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
2004	\$ 1,199,689,645	\$ 41,550,709,640	\$ 383,798,101	\$ 13,242,383	\$ 10,450,199,511	\$ 2,607,272,701	\$ 1,540,536,100	\$ 57,745,448,081	\$ 5,658,024,729	\$ 157,639,243	\$ 57,903,087,324	N/A	\$ 71,724,336,057
2005	1,229,486,204	45,689,330,230	452,337,200	13,817,146	10,455,808,911	2,564,928,201	1,621,924,900	62,027,632,792	5,923,634,379	150,182,136	62,177,814,928	N/A	79,054,301,765
2006	1,384,463,250	53,666,398,302	561,415,000	13,255,508	11,013,366,111	2,574,295,500	1,771,297,600	70,984,491,271	6,664,569,079	137,976,024	71,122,467,295	N/A	88,856,872,329
2007	1,334,469,750	54,814,294,479	574,707,200	13,183,558	10,831,009,211	2,557,634,300	1,819,573,000	71,944,871,498	6,829,609,200	133,403,935	72,078,275,433	N/A	98,075,628,273
2008	1,373,940,350	58,547,857,080	709,356,800	13,465,748	11,350,378,461	2,711,381,200	1,994,223,900	76,700,603,539	7,001,701,800	142,959,362	76,843,562,901	N/A	102,596,960,196
2009	1,310,313,450	60,378,573,088	714,322,900	13,238,748	11,613,287,447	2,841,125,700	2,080,489,400	78,951,350,733	7,413,133,700	147,168,209	79,098,518,942	N/A	103,669,450,016
2010	1,218,511,450	58,195,366,425	652,147,200	12,013,308	11,275,927,757	2,690,796,500	2,071,807,000	76,116,569,640	7,395,815,300	148,405,358	76,264,974,998	N/A	102,332,070,127
2011	1,150,385,750	57,863,255,210	667,820,200	12,177,178	11,088,116,597	2,626,022,625	2,119,407,700	75,527,185,260	7,393,879,200	128,034,958	75,655,220,218	N/A	98,052,992,752
2012	1,172,274,150	59,774,842,190	690,767,100	12,282,578	11,568,762,422	2,980,678,200	2,191,170,400	78,390,777,040	7,061,681,200	125,183,300	78,515,960,340	N/A	94,996,537,642
2013	1,121,535,950	60,489,876,715	685,237,400	11,944,478	11,513,732,422	2,917,649,400	2,286,186,900	79,026,163,265	7,277,468,700	61,429,260	79,087,592,525	N/A	90,780,233,689

N/A - Not Applicable

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
Reassessment occurs in each municipality when ordered by the County Board of Taxation

* Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

Source: Morris County Board of Taxation

Exhibit J-8

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS, COUNTY OF MORRIS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Taxpayer	2013		
	Taxable Assessed Value	Rank	% of Total County Net Valuation Taxable
Novartis Corporation	\$ 415,030,700	1	0.52%
Point View Campus, LLC	358,026,000	2	0.45%
Rockaway Center Associates	170,000,000	3	0.21%
Bayer Healthcare, LLC	155,670,300	4	0.20%
MC NEIL-PPC, Inc.	111,464,000	5	0.14%
Oakwood Garden Associates, LLC	99,500,000	6	0.13%
Allied Signal, Inc.	64,900,000	7	0.08%
KBS II 300-600 Campus Drive, LLC	93,517,700	8	0.12%
Segal Realty Associates	77,700,000	9	0.10%
Pernwil Associates	75,000,500	10	0.09%
Total	<u>\$ 1,620,809,200</u>		<u>1.86%</u>

Taxpayer	2004		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value

INFORMATION IS NOT AVAILABLE

Exhibit J-9

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
COUNTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	\$ 5,763,747	\$ 5,763,747	100.00%	\$ -0-
2006	5,848,095	5,848,095	100.00%	-0-
2007	6,086,061	5,566,940	91.47%	519,121
2008	6,351,286	5,811,860	91.51%	539,426
2009	6,351,286	6,351,286	100.00%	-0-
2010	6,351,286	6,351,286	100.00%	-0-
2011	6,351,286	6,351,286	100.00%	-0-
2012	6,351,286	6,351,286	100.00%	-0-
2013	6,351,286	6,351,286	100.00%	-0-
2014	6,351,286	6,351,286	100.00%	-0-

^a School taxes are collected by the County Treasurer. Under New Jersey State Statute, a county is required to remit to the school district the entire property county tax balance, in the amount voted upon or certified prior to the end of the school year.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST THREE FISCAL YEARS
(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA)
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business- Type Activities Capital Leases	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)				
2012	\$ -0-	\$ -0-	\$ 35,943	\$ -0-	\$ -0-	\$ 35,943	0.0001%	\$ 0.07
2013	-0-	-0-	104,972	-0-	12,367	117,339	0.0003%	0.23
2014	-0-	-0-	80,685	-0-	9,910	90,595	0.0002%	0.18

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

^a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

This schedule does not contain ten years of information as there was no outstanding debt until the fiscal year ending June 30, 2012.

Source: School District Financial Reports

Exhibit J-14

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year</u>	<u>Population ^a</u>	<u>Morris County Per Capital Personal Income ^b</u>	<u>Total Morris County Personal Income</u>	<u>Unemployment Rate ^c</u>
2005	483,198	\$ 62,260	\$ 30,083,907,480	2.80%
2006	484,887	66,827	32,403,543,549	3.30%
2007	485,592	69,900	33,942,880,800	3.00%
2008	486,946	71,990	35,055,242,540	4.00%
2009	488,518	67,544	32,996,459,792	7.20%
2010	492,681	68,725	33,859,501,725	7.30%
2011	494,976	71,933	35,605,108,608	7.00%
2012	497,999	74,057	36,880,311,943	7.30%
2013	499,397	74,057 **	36,983,843,629	6.30%
2014	499,397 *	74,057 **	36,983,843,629 ***	N/A

* - Latest population data available (2013) was used for calculation purposes.

** - Latest Morris County per capita personal income available (2012) was used for calculation purposes.

*** - Latest available population data (2013) and latest available Morris County per capita personal income (2012) was used for calculation purposes.

N/A - Information not available

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the county population and per capita personal income presented

^c Per capita personal income by county estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS, COUNTY OF MORRIS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2013		
	Employees	Rank (Optional)	Percentage of Total Employment
U.S. Army Armament Research and Development	5,841	1	2.27%
Novartis Corporation	5,035	2	1.96%
Atlantic Health Systems	4,463	3	1.74%
Automatic Data Processing, Inc.	2,060	4	0.80%
Bayer Healthcare, LLC	1,900	5	0.74%
County of Morris	1,674	6	0.65%
Wyndham Worldwide Corporation	1,653	7	0.64%
St. Clare's	1,642	8	0.64%
BASF Corporation	1,500	9	0.58%
Accenture	1,480	10	0.58%
	<u>27,248</u>		<u>10.60%</u>

Employer	2004		
	Employees	Rank (Optional)	Percentage of Total Employment

INFORMATION IS NOT AVAILABLE

N/A - Total amount of employment is not available in order to do the percentage calculation

Source: County of Morris

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction:										
Regular	9.0	17.0	18.0	28.0	32.5	34.5	32.0	33.0	33.0	33.0
Special Education	2.0	3.0	3.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0
Vocational	23.0	23.0	28.0	24.0	24.0	24.0	23.0	22.5	22.5	23.5
Other Instruction	7.0	5.0	6.0	5.0	5.0	5.0	4.5	5.0	5.0	5.0
Adult/Continuing Education Programs	58.0	61.0	74.0	73.5	79.0	68.0	70.0	71.0	74.0	91.0
Support Services:										
Student & Instruction Related Services	8.0	9.0	12.0	12.0	12.0	12.0	10.0	10.0	10.0	10.0
School Administrative Services	19.0	23.0	21.0	23.0	23.0	22.0	22.0	22.0	20.0	21.0
General Administrative Services	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
Central Services	5.0	5.0	6.0	6.0	6.0	6.0	7.0	7.0	5.0	5.0
Administrative Information Technology	1.0	1.0	1.0	1.5	1.5	1.5	1.5	1.5	2.0	2.0
Plant Operations and Maintenance	13.0	15.0	17.0	17.0	16.0	15.0	14.0	14.0	14.0	14.0
Total	<u>149.0</u>	<u>166.0</u>	<u>189.0</u>	<u>198.0</u>	<u>207.0</u>	<u>196.0</u>	<u>192.0</u>	<u>194.0</u>	<u>194.5</u>	<u>212.5</u>

Source: District Personnel Records

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures ^a</u>	<u>Cost Per Pupil ^d</u>	<u>Percentage Change</u>	<u>Teaching Staff ^b</u>	<u>Pupil/Teacher Ratio School of Technology</u>	<u>Average Daily Enrollment (ADE) ^c</u>	<u>Average Daily Attendance (ADA) ^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2005	494.5	\$ 10,568,427	\$ 21,371.95	3.26%	46.0	1:10.80	494.5	465.1	17.88%	94.05%
2006	531.0	11,995,682	22,590.74	5.70%	52.0	1:10.20	531.0	502.7	7.38%	94.67%
2007	680.9	12,885,845	18,924.72	-16.23%	55.0	1:12.04	680.9	642.9	28.23%	94.42%
2008	695.0	14,392,501	20,708.63	9.43%	64.0	1:11.00	695.0	649.6	2.07%	93.47%
2009	715.2	13,912,041	19,451.96	-6.07%	73.0	1:09.80	715.2	688.1	2.91%	96.21%
2010	734.9	15,119,074	20,572.97	5.76%	73.0	1:10.06	734.9	710.7	2.75%	96.71%
2011	939.3	16,295,702	17,348.77	-15.67%	64.5	1:14.56	939.3	893.2	27.81%	95.09%
2012	942.6	17,306,753	18,360.65	5.83%	68.0	1:13.86	942.6	887.2	0.35%	94.12%
2013	946.5	17,739,017	18,741.70	2.08%	66.5	1:14.23	946.5	905.6	0.41%	95.68%
2014	971.7	17,505,289	18,015.12	-3.88%	67.5	1:14.40	971.7	923.5	2.66%	95.04%

Note: Enrollment based on annual October district count.

^a Operating expenditures equal total expenditures less debt service, capital outlay and special schools. Operating expenditures reflected above do not include special schools expenditures for comparison purposes.

^b Teaching staff includes only full-time equivalents of certificated staff.

^c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

^d Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

Sources: School District records

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>District Buildings</u>										
School of Technology (1969)										
Square Feet	122,443	153,011	165,011	165,011	165,011	165,011	165,011	165,011	165,011	165,011
Capacity (students)	614	774	934	934	934	934	934	934	934	934
Enrollment	494.5	531.0	594.0	635.0	715.2	734.9	939.3	942.6	946.5	971.7

Number of Schools at June 30, 2014

 School of Technology = 1

 Off-site Academies = 2

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

Source: School District Facilities Office

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance for School Facilities
Account # 11-000-261-xxx

Facility	Fiscal Year Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Morris County Vocational School*	\$ 373,338	\$ 370,050	\$ 384,072	\$ 329,790	\$ 274,042	\$ 250,993	\$ 252,112	\$ 270,902	\$ 328,860	\$ 177,194
Total School Facilities*	<u>\$ 373,338</u>	<u>\$ 370,050</u>	<u>\$ 384,072</u>	<u>\$ 329,790</u>	<u>\$ 274,042</u>	<u>\$ 250,993</u>	<u>\$ 252,112</u>	<u>\$ 270,902</u>	<u>\$ 328,860</u>	<u>\$ 177,194</u>

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: School District records

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2014
UNAUDITED

<u>Morris County Insurance Fund:</u>	<u>Coverage</u>
Travelers Insurance Company	
Property Policy – Policy Loss Limit:	\$250,000,000
Sub-Limits:	
Earthquake (Annual Aggregate)	\$ 25,000,000
Flood (Annual Aggregate)	\$ 15,000,000
Debris removal)	\$ 250,000
Pollutant Cleanup and Removal	\$ 100,000
Utility Services-direct damage	\$ 2,500,000
Accounts receivables-on premises	\$ 1,000,000
Account receivables-on transit or off premises	\$ 100,000
Fine Arts	\$ 1,500,000
Ordinance or Law	\$ 2,500,000
Valuable Papers-on premises	\$ 1,500,000
Valuable Papers-in transit	\$ 100,000
Transit	\$ 50,000
Business Income Limit	\$ 1,000,000
Boiler & Machinery	\$100,000,000
EDP Equipment	\$ 2,500,000
EDP-Data & Media	\$ 1,000,000
Inland Marine Floater-Equipment Floater	\$ 6,723,104
Deductibles:	
Earthquake	\$ 50,000
Flood	\$ 50,000
Accounts Receivable	\$ 2,500
AOP	\$ 25,000
Business Income	72 hour deductible
Travelers Insurance	
General Liability Policy	
Policy Limits	
Each Occurrence Limit	\$ 1,000,000
Products-Completed Operations Aggregate	\$ 1,000,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate	\$ 1,000,000
Damage To Premises rented To You	\$ 100,000
Self Insured Retention	\$ 500,000
National Union Fire Insurance Company of Pittsburgh, PA	
School Leaders Errors & Omissions Policy	
Policy Limits	
Policy Damages Limit of Liability (aggregate for damages)	\$ 3,000,000
IEP Hearing Limit of Liability (aggregate for claim expenses)	\$ 100,000
Desegregation Limit of Liability (aggregate for claim expenses)	\$ 100,000
Breach of Contract Limit of Liability (aggregate for claim expenses)	\$ 100,000

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2014
UNAUDITED

	<u>Coverage</u>
National Union Fire Insurance Company of Pittsburgh, PA	
Breach of Fiduciary Duty Limit of Liability (aggregate for claim expenses)	\$ 100,000
Retention/Deductibles:	
Each Wrongful Act	\$ 25,000
Each Employment Practices Violation	\$ 25,000
Each IEP Hearing	\$ 10,000
Travelers Insurance	
Umbrella Liability Policy	
Policy Limits	
Each Occurrence Limit	\$ 9,000,000
Products-Completed Operations Aggregate	\$ 9,000,000
Personal & Advertising Injury Limit	\$ 9,000,000
General Aggregate	\$ 9,000,000
Great American Insurance Group	
Crime Policy	
Public Employee Dishonesty	\$ 1,000,000
Forgery or Alteration	\$ 1,000,000
Computer Fraud	\$ 1,000,000
Money Orders and Counterfeit Paper Currency	\$ 1,000,000
Theft, Destruction and Disappearance	\$ 10,000
Hartford Insurance	
Statutory Bonds	
Treasurer of School Monies	\$ 250,000
Business Administrator	\$ 250,000
Ironshore Specialty Insurance Company	
Site Pollution Incident Legal Liability (Claims-Made)	
Policy Aggregate	\$ 3,000,000
Deductible	\$ 25,000
Morris Essex Insurance Group	
Workers Compensation	
Per Occurrence	Statutory Benefits as Required by the State of New Jersey
Policy Limit	\$ 5,000,000
Aggregate	\$ 5,000,000

SINGLE AUDIT



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Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Morris County Vocational School District
County of Morris, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris County Vocational School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 20, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable President and Members
of the Board of Education
Morris County Vocational School District
Page 2

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 20, 2014
Mount Arlington, New Jersey


NISIVOCCIA LLP



Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant



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**Report on Compliance For Each Major Federal and State Programs;
Report on Internal Control Over Compliance in Accordance with OMB Circular A-133
and New Jersey's OMB Circular 04-04**

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Morris County Vocational School District
County of Morris, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Morris County Vocational School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2014. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

The Honorable President and Members
of the Board of Education
Morris County Vocational School District
Page 2

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

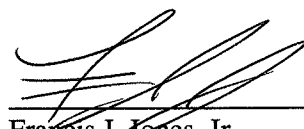
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 or NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.

October 20, 2014
Mount Arlington, New Jersey


NISIVOCIA LLP


Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2013			Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrance Payable	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2014	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor						Budgetary Accounts Receivable	Due to Grantor
U.S. Department of Education:														
Passed-through State Department of Education:														
Special Revenue Fund:														
Student Financial Aid Cluster:														
Federal Pell Grant	84.063	P063P064434	9/1/13-8/31/14	\$ 107,246				\$ 107,246	\$ (107,246)					
Federal Direct Student Loans (Direct Loan):														
Stafford Loans - Subsidized	84.268	N/A	9/1/13-8/31/14	78,930				78,930	(78,930)					
Stafford Loans - Unsubsidized	84.268	N/A	9/1/13-8/31/14	101,600				101,600	(101,600)					
Parent Loans for Undergraduate Students	84.268	N/A	9/1/13-8/31/14	3,832				3,832	(3,832)					
Total Student Financial Aid Cluster								291,608	(291,608)					
Passed-through State Department of Education:														
No Child Left Behind:														
Title I	84.010	NCLB336514	7/1/13-6/30/14	26,998				20,413	(12,699)					\$ 7,714
Title I	84.010	NCLB336513	9/1/12-8/31/13	29,806	\$ (11,510)			12,605	(1,091)	\$ 28	\$ (32)			
Title I	84.010	NCLB336512	9/1/11-8/31/12	26,864	(3,513)			3,513						
Subtotal Title I					(15,023)			36,531	(13,790)	28	(32)			7,714
Title IIA	84.367	NCLB336514	7/1/13-6/30/14	2,745				2,745	(2,745)					
Title IIA	84.367	NCLB336512	9/1/11-8/31/12	3,390				549	(549)					
Subtotal Title IIA								3,294	(3,294)					
Special Education Cluster:														
I.D.E.A. Part B, Basic	84.027	IDEA336514	7/1/13-6/30/14	192,375				123,369	(171,539)				\$ (48,170)	
I.D.E.A. Part B, Basic	84.027	IDEA336513	9/1/12-8/31/13	198,607	(53,251)			59,856	(6,605)					
I.D.E.A. Part B, Basic	84.027	IDEA336511	9/1/10-8/31/11	169,659			\$ 35					\$ (35)		
Total Special Education Cluster					(53,251)		35	183,225	(178,144)			(35)	(48,170)	
Carl D. Perkins Secondary	84.048	PERK336514	7/1/13-6/30/14	335,285				216,977	(334,484)				(117,507)	
Carl D. Perkins Secondary	84.048	PERK336513	7/1/12-6/30/13	336,231	(27,942)			26,479		1,714				251
Carl D. Perkins Secondary	84.048	PERK336512	7/1/11-6/30/12	285,400			149					(149)		
Carl D. Perkins Secondary	84.048	PERK336511	7/1/10-6/30/11	385,957			453					(453)		
Carl D. Perkins Post Secondary	84.048	PERK336514	7/1/13-6/30/14	117,502				86,100	(116,424)				(30,324)	
Carl D. Perkins Post Secondary	84.048	PERK336513	7/1/12-6/30/13	123,785			1,283			164		(1,283)		164
Subtotal Carl D. Perkins					(27,942)		1,885	329,556	(450,908)	1,878		(1,885)	(147,831)	415

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2013			Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrance Payable	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2014	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor						Budgetary Accounts Receivable	Due to Grantor
<u>U.S. Department of Education:</u>														
Passed thru State Department of Labor and Workforce Development:														
Consolidated Adult Basic Skills and and Integrated English Literacy and Civics Education	84.002	ABS-14-07-31	7/1/13-6/30/14	\$ 919,300				\$ 547,165	\$ (773,700)				\$ (226,535)	
Consolidated Adult Basic Skills and and Integrated English Literacy and Civics Education	84.002	ABS-14-07-31	7/1/12-6/30/13	624,380	\$ (86,924)			88,882			\$ (1,958)			
Consolidated Adult Basic Skills and and Integrated English Literacy and Civics Education	84.002	ABS-14-07-31	7/1/10-6/30/11	745,317	(15,602)						15,602			
					(102,526)			636,047	(773,700)		13,644		(226,535)	
Total U.S. Department of Education					(198,742)		\$ 1,920	1,480,261	(1,711,444)	\$ 1,906	13,612	\$ (1,920)	(422,536)	\$ 8,129
<u>U.S. Department of Agriculture:</u>														
Passed-through State Department of Agriculture:														
Child Nutrition Cluster:														
Food Distribution Program	10.555	N/A	7/1/13-6/30/14	2,680				2,680	(2,680)					
Food Distribution Program	10.555	N/A	7/1/12-6/30/13	6,158		\$ 289			(289)					
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	17,045				13,823	(17,045)				(3,222)	
National School Lunch Program	10.555	N/A	7/1/12-6/30/13	18,636	(1,234)			1,234						
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	659				537	(659)				(122)	
School Breakfast Program	10.553	N/A	7/1/12-6/30/13	1,616	(100)			100						
Total Child Nutrition Cluster					(1,334)	289		18,374	(20,673)				(3,344)	
Total Federal Awards					\$ (200,076)	\$ 289	\$ 1,920	\$ 1,498,635	\$ (1,732,117)	\$ 1,906	\$ 13,612	\$ (1,920)	\$ (425,880)	\$ 8,129

N/A - Not Available/Applicable

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2013	Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrance/ Receivable	Balance at June 30, 2014			Cumulative Total Expenditures
				Budgetary Accounts Receivable				GAAP Accounts Receivable	Budgetary Accounts Receivable	Due to Grantor	
NJ Department of Education:											
General Fund State Aid:											
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	\$ 76,082		\$ 69,270	\$ (76,082)			\$ (6,812)		\$ 76,082
Special Education Categorical Aid	14-495-034-5120-089	7/1/13-6/30/14	490,726		446,791	(490,726)			(43,935)		490,726
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	64,206		58,458	(64,206)			(5,748)		64,206
Adjustment Aid	14-495-034-5120-085	7/1/13-6/30/14	563,785		513,309	(563,785)			(50,476)		563,785
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	7/1/13-6/30/14	516,880		491,250	(516,880)		\$ (25,630)	(25,630)		516,880
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	235,130	\$ (22,156)	22,156						235,130
Special Education Categorical Aid	13-495-034-5120-089	7/1/12-6/30/13	496,246	(46,762)	46,762						496,246
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	63,457	(5,980)	5,980						63,457
Adjustment Aid	13-495-034-5120-085	7/1/12-6/30/13	399,966	(37,689)	37,689						399,966
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	7/1/12-6/30/13	521,753	(26,485)	26,485						521,753
Total General Fund State Aid				(139,072)	1,718,150	(1,711,679)		(25,630)	(132,601)		3,428,231
Enterprise Fund:											
State School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	728		583	(728)		(145)	(145)		728
State School Lunch Program	13-100-010-3350-023	7/1/12-6/30/13	767	(56)	56						767
Total Enterprise Fund State Aid				(56)	639	(728)		(145)	(145)		1,495
NJ Department of Labor and											
Workforce Development:											
Special Revenue Fund:											
Apprenticeship Coordinator	N/A	7/1/13-6/30/14	15,000		11,680	(15,000)		(3,320)	(3,320)		15,000
Apprenticeship Coordinator	N/A	7/1/12-6/30/13	15,000	(5,411)	5,411						14,486
(Passed thru Hunterdon County Vocational											
School District):											
Youth Transitions to Work	N/A	10/1/13-9/30/14	50,228		9,749	(25,791)		(15,766)	(16,042)		25,791
Youth Transitions to Work	N/A	10/1/12-9/30/13	54,294	(23,345)	34,547	(9,888)	\$ 103			\$ 1,417	44,293
Youth Transitions to Work	N/A	10/1/11-9/30/12	28,957	(280)	280						12,244
Total NJ Department of Labor and Workforce Development				(29,036)	61,667	(50,679)	103	(19,086)	(19,362)	1,417	111,814
Total State Awards				\$ (168,164)	\$ 1,780,456	\$ (1,763,086)	\$ 103	\$ (44,861)	\$ (152,108)	\$ 1,417	\$ 3,541,540

N/A - Not Available

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Morris County Vocational School District under programs of the federal and state governments for the fiscal year ended June 30, 2014. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, special revenue fund and the capital projects fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$5,616 for the General Fund and \$(546) for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Post Retirement Contribution revenue of \$488,787 or the \$298,109 of TPAF On-Behalf Pension Contribution. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,504,191	\$ 2,504,191
Special Revenue Fund	\$ 1,708,791	52,786	1,761,577
Enterprise Funds (Food Service Fund)	20,673	728	21,401
Total Federal and State Awards	<u>\$ 1,729,464</u>	<u>\$ 2,557,705</u>	<u>\$ 4,287,169</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2014. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circular 04-04*.
- The auditor's report on compliance for its major federal and state award programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with Section 510(a) of Federal OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, or New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	<u>C.F.D.A. Number/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Consolidated Adult Basic Skills and Integrated English Literacy and Civics Education	84.002	7/1/13-6/30/14	\$ 919,300	\$ 773,700
<u>State:</u>				
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	7/1/13-6/30/14	516,880	516,880

- The District was determined to be a "low-risk" auditee for both state and federal programs.
- The threshold used for distinguishing between Type A and B federal and state programs was \$300,000.
- The single audit thresholds identified in Federal OMB Circular A-133 and New Jersey's OMB Circular 04-04 were \$500,000.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey's OMB Circular 04-04.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Status of Prior Year Findings:

There were no prior year audit findings.